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WORLD NEWS

Miners' union to hold funds inquiry

The National Union of Mineworkers agreed to set up an independent inquiry into allegations made against union president Arthur Scargill about the handling of funds during the miners' strike five years ago.

Agreement on the proposal followed calls for an independent inquiry from Labour Party leader Neil Kinnock and NUM executive members. Recently it was alleged cash was received from Libya during the strike and some was used to pay off personal loans for Mr Scargill and Peter Heathfield, NUM president, who both deny the claims. Page 7

German unity talks open
East and West Germany launched formal negotiations in East Berlin aimed at uniting as a single state. Meanwhile, in Paris, French President Mitterrand urged West Germany to strengthen the promise it made on Thursday not to question Poland's western frontier. "This is not just any frontier," Mr Mitterrand said. "It is the Oder-Neisse line". Page 2

Berlin flight ban lifted
Second World War allies France, Britain and the US agreed to lift a ban on direct flights by German aircraft between East and West Germany. The ban has been in force since 1945.

Help for home-buyers
Houses should be covered by the Trade Descriptions Act, Sir Gordon Borrie, Director General of Fair Trading, said. His suggestion is one of a number resulting from more than two years' examination of estate agencies. Page 6

Call for lower N-dose
Trade unions representing nuclear industry staff called for Britain to cut the maximum annual dose to which workers can be exposed. They say the limit should be 10 milli-Sieverts instead of the present 50mSv.

Ramsgate heroin haul
Customs officers at Ramsgate, Kent, seized one of Britain's biggest hauls of heroin. Fifty kilos – worth an estimated £4m – were found in the petrol tank of a lorry arriving on a cross-Channel ferry. The Turkish driver has been charged.

Turmoil in Haiti
Gen Prosper Avril, President of Haiti, plans to step down in the face of mounting anti-government protests. Demonstrators blocked main roads into the Haitian capital, Port-au-Prince in a second day of national protests aimed at ousting the President.

Beirut's fragile peace
Rival Christian militias clashed in Beirut for the first time since agreeing a truce last week in their battle for control of Christian Beirut. Aoun offer welcomed, Page 3

Red Arrows in demand
US bidders paid more than £100,000 apiece in London for four aircraft used by Britain's Red Arrows air display team. The jet fighters were among nine jet fighters included in Sotheby's first public auction of Ministry of Defence aircraft.

BUSINESS SUMMARY

Taurus will bring savings of £255m

London's International Stock Exchange says Taurus – the paperless settlement system for UK equities – will cost £50m to develop over the next four years. It estimates that faster, more efficient settlement will result in savings for the securities industry of up to £255m over 10 years.

Mr Andrew Hugh Smith, chairman of the ISE, said: "We are presenting a framework for the future of UK settlement." Page 24 and Lex; Stock Exchange prepares, Page 8

NICHOLAS RIDLEY, Trade and Industry Secretary, on a five-day trip to Moscow, is to ask the authorities to deal with growing problems of late payments by Soviet enterprises to British exporters. Page 24

SULTAN OF BRUNEI has denied he had any part in the acquisition of the House of Fraser by the Fayed brothers – his first public statement since the publication of the DTI report which concluded that the funds for the deal came through Mohamed Fayed's association with the Sultan. Page 24

DREXEL Burnham Lambert: Creditors of the Wall Street investment bank's UK securities and commodities businesses should get significant payments, say the company's administrators. Page 12

WHEAL JANE, one of Cornwall's two remaining working tin mines, is to close – with the loss of 150 jobs – due to the collapse in world tin prices. The mine is owned by Carnon Consolidated, bought from the RTZ Corporation 19 months ago by 12 managers. Page 4

ALCATEL, French electronics group, has started a joint venture to modernise large parts of East Germany's telecommunications network, the most ambitious operation of its kind by a western telecoms company. Page 2

SAATCHI brothers Charles and Maurice would be entitled to more than £8m each if they left the troubled UK communications group. Page 10

SOVIET UNION has formally applied for observer status in the General Agreement on Tariffs and Trade, the first step towards membership. Page 2

JAPAN: A Gatt panel has upheld Japan's complaint against the EC's so-called "screwdriver" law – to prevent exporters to the EC sidestepping dumping duties by shipping parts to be assembled inside the Community.

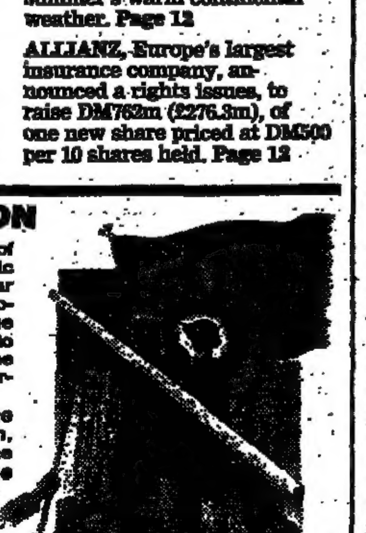
ROAD congestion in the UK is costing companies as much as £1bn a year, according to a survey by Lex Vehicle Leasing.

TAIWAN's cabinet has passed a budget for 1990/91, with a record $8.7bn (£3.9bn) deficit, up 88 per cent on the current fiscal year. Page 3

HEINEKEN, Dutch brewer, announced annual pre-tax profits up 12 per cent to Fl 325.5m (£103.3m) – boosted by last summer's warm continental weather. Page 12

ALLIANZ, Europe's largest insurance company, announced a rights issues, to raise DM762m (£276.3m), of one new share priced at DM500 per 10 shares held. Page 12

THE SOVIET UNION



The Soviet Union is in the throes of a social, political and economic revolution that may well be as far reaching as the 1917 October Revolution. On Monday, a day after the fifth anniversary of the ascent to power of President Gorbachev, the Financial Times will publish a survey on the Soviet Union.

This 20-page survey, one of the most ambitious yet undertaken, took six FT journalists across the country in collaboration with the paper's staff bureau in Moscow. The survey will provide a provocative assessment of the problems and prospects for a superpower in turmoil.

Sterling suffers as Tories' problems unsettle markets

By Peter Norman and Michael Cassell

STERLING fell sharply yesterday as financial markets became unsettled by political unrest over issues including the community charge, market rumours that the Prime Minister had resigned, and reports of Cabinet plots against Mrs Thatcher.

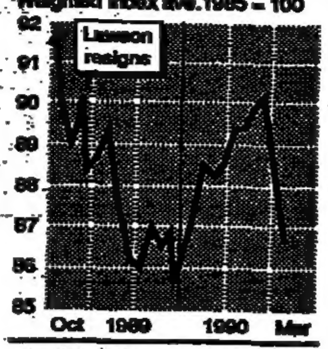
The Bank of England responded to sterling's fall by an aggressive display of selling dollars, although by the end of currency trading in London it appeared that the Bank's sales had totalled less than $500m.

Downing Street said the early morning rumours of Mrs Thatcher's supposed resignation and the speculation that a small group of Cabinet ministers were considering asking her to stand down were "utter, utter rubbish."

City analysts said this week's disarray on British financial markets had narrowed still further the already limited room for manoeuvre by Mr John Major, the Chancellor, in his Budget on March 20.

Some argued that Mr Major was looking "boxed in" and that what was already expected to be a prudent and cautious Budget would have to show increased rigour if the Government was to avoid a politically damaging increase in bank base rates to 16 per cent from 15 per cent.

Sterling
Weighted index ave.1985 = 100



The pound lost 3.75 pfennigs to DM2.7575 and nearly 2½ cents to $1.6185. The Bank's trade weighted sterling index fell 1.1 points to close at 86.6 points, near late December's 1989 low of 85.8 points. Sterling has fallen by about 4 per cent against the index basket of currencies over the past two weeks.

The mood spread to the bond and equity markets, which fell sharply, and the domestic money market where the key three month interbank rate rose ⅛ percentage point to 15⅝-15¾ per cent. Long dated government gilt edged stocks lost 1⅞ points to yield nearly 12 per cent – the highest level since mid-1984. Equities reversed early gains to finish lower, with the FT-SE 100 index closing at 2,234.3, down 15.7.

The mere fact that Downing Street felt obliged to deny the reports about Mrs Thatcher unsettled the City. "People are getting more and more worried," said Mr Keith Skeoch, chief UK economist of brokers James Capel. "Sterling is exceptionally vulnerable. One would normally expect a currency that has fallen as sharply as sterling to bounce back. But it didn't."

Mrs Thatcher dismissed suggestions of anxiety among members of her Cabinet. She said during a visit to Scotland: "I find no nervousness in the Cabinet at all. I think we have the most united and co-operative Cabinet I have ever had during my whole term."

Although few Tory MPs believe that there are any serious moves under way to challenge Mrs Thatcher's position, the fresh outbreak of speculation about her political future does reflect growing nervous-
Continued on Page 24
Editorial comment, Page 8; London stock exchange, Page 15; Lex, Page 24

AN UNEXPECTED sharp rise in employment last year has forced the Department of Employment to reduce its estimates for the rate of productivity in 1989.

Officials said productivity growth in the UK was likely to turn out to be up to 1 percentage point less than previously estimated. This would have inflationary implications for the costs of producing the goods and services, which will rise by a point. Page 7

Kinnock condemns town hall violence

By Michael Cassell, Political Correspondent

MR NEIL KINNOCK, Labour leader, last night attempted to distance his party from accusations of lawlessness surrounding the introduction of the poll tax as Mrs Margaret Thatcher led other ministers in a continuing government effort to try to discredit the Opposition.

The Prime Minister also sought to allay fears among her own MPs about the political damage which the tax is inflicting on the Government.

Speaking in Scotland, Mrs Thatcher rejected claims by some Tory MPs that the poll tax represented a "political cyanide pill." She said she believed their judgment was wrong and claimed that the system was working "extremely well" in Scotland. She said doubters in her own party were forgetting that one in four people would get up to 80 per cent rebates and would also be protected by transitional relief arrangements.

Mrs Thatcher again criticised recent violent protests and the 28 Labour MPs who have said they will not pay the poll tax. She rejected violent demonstrations as undemocratic and condemned the MPs for urging other people to break the law.

As councils in England and Wales continued to set community charges yesterday – Haringey in London fixed the highest level so far with a charge of £572.89 – Mr Kinnock rounded on Labour backbenchers prepared to ignore poll tax bills and face the legal consequences.

Responding to Labour fears that the party might be suffering from government attempts to associate it with the recent outbreaks of violence, Mr Kinnock said MPs who could afford to pay but pledged not to do so had to examine their consciences. Those who sought the power to rule could not pick and choose which laws to obey.

Mr Kinnock claimed that MPs refusing to pay the tax were "stepping over the line between righteous objection and luxurious self-righteousness."

He said the Tories were "living in hope that their guilt for introducing the poll tax might be obscured by the uproar around the town halls."

He also condemned the continuing scenes of violent pro-
Continued on Page 24
Ordinary people watch the party turn sour, Page 4

Weekend FT

'A GLASS OF RED, MR MARX?'
What does Karl Marx say now? Martin Jacques presents the interview of a lifetime

Finance
Sara Webb talks to the City's faceless men – the fund managers

Perspectives
Poaching: Nicholas Woodsworth deep in the Zambian bush

Travel
A Civilised Weekend: Max Loppert launches a new series. Plus US skiing and a paradise rediscovered

How to Spend It
Jeans: Richard Tomkins stuck in the rut between image and reality. Plus Karen Zager on the death of LPs

Sport
Keith Wheatley: America's Cup junketing; Philip Evans: World Cup skirmishing

Talks begin on possible takeover bid for UK sugar group

Margulies resigns as Berisford chairman

By Clay Harris, Consumer Industries Editor

MR EPHRAIM MARGULIES yesterday abruptly resigned as chairman and director of Berisford International, the diversified UK sugar group which has run into deep financial trouble because of property investments in New York.

Berisford also said it was holding preliminary discussions which could lead to a takeover bid for the company.

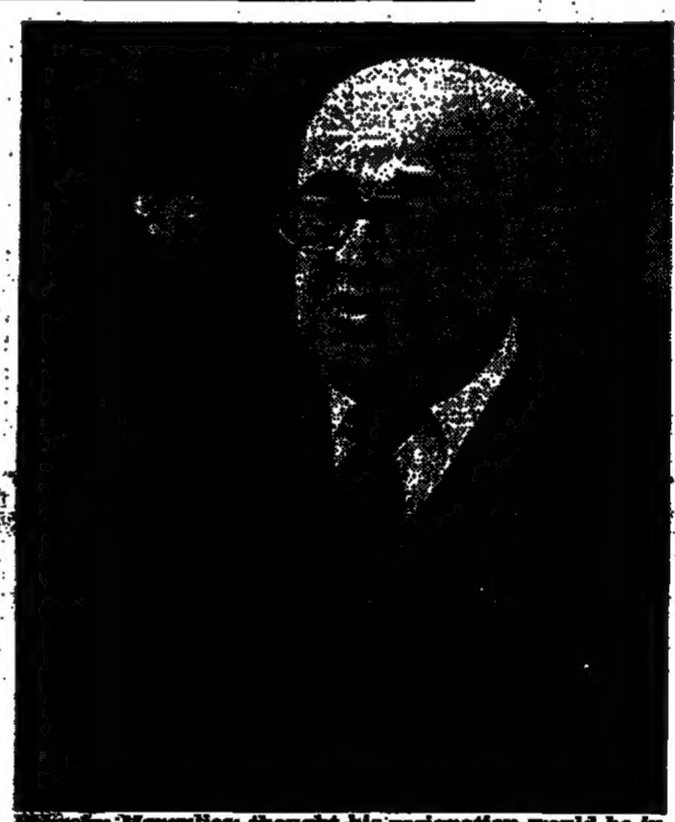
However, neither Mr John Sclater, who replaces Mr Margulies as chairman, nor Mr Peter Jacobs, chief executive, would say whether an approach had been made to Berisford or whether the company had initiated the talks itself.

Mr Margulies quit only four days after Berisford's annual meeting, at which the board faced critical questions over its Manhattan property exposure and the pensions arrangements for the chief executive of its US subsidiary.

Since then, Berisford had faced mounting pressure from shareholders led by Associated British Foods, the milling and baking group which owns a 28 per cent stake. Institutional investors also made their concerns known, both individually and through the Association of British Insurers.

Berisford said Mr Margulies had "resigned because he believed it was in the best interests of the company. He will be retained as a consultant "on such issues as from time to time we would like to involve him in," Mr Jacobs said.

The company will shortly open negotiations on Mr Margulies' contract. It runs to his 70th birthday, which is more than four years away. Mr Margulies is one of four directors with contracts which entitle each to 1 per cent of profits over £10m; in practice, they waive their rights. In 1988-89, he was paid more than £575,000, excluding pension contributions.
Continued on Page 24
Profile, Page 10; Lex, Page 24



Ephraim Margulies: thought his resignation would be in the best interests of the company, according to Berisford

Reckitt & Colman to buy bulk of Boyle-Midway for £760m

By Nikki Tait

RECKITT & Colman, the UK food and household products, yesterday announced that it has reached agreement in principle to buy the bulk of the Boyle-Midway household division from American Home Products, the large US pharmaceuticals company, for $1.25bn (£760m).

This is the first large US acquisition by a British company for many months.

The last company to spend more than $1bn on a US purchase was Bass, the brewing and leisure group, when it acquired Holiday Inns for about $2bn in August.

The deal – which brings in brands such as Woolite fabrics washes, Wizard air fresheners and Easy-Off oven cleaners – will treble the size of Reckitt's household business in the US, giving it sales in this sector of about £330m and making it the fifth largest US household products supplier.

Reckitt's overall US sales, which totalled £409m in 1989, will increase by about 60 per cent.

But the British company pointed out that only half Boyle-Midway's $682m annual turnover is derived from the US. France, West Germany and Spain account for a little more than one fifth of sales, and Canada for another 9 per cent.

Boyle-Midway's pre-tax income, before allocating a $5m share of head office costs, was $91m last year.

As a result of the deal – which covers all AHP's household products and its depilatory brands, but excludes its food products – Reckitt will be the seventh largest company in terms of worldwide household product sales.

The UK group, which produces household brands ranging from Brasso to Zip firelighters, said it had been expressing interest in AHP's household products "for several years." AHP, meanwhile, has been putting increased emphasis on its healthcare interests.

Boyle-Midway accounts for only about 10 per cent of its total sales.

Reckitt funded the deal with a $1.7bn two-year bridging loan facility. It also plans to make a £200m rights issue of 9.5 per cent convertible capital bonds.

The basis of the issue is 27 bonds at 100p each, for every 20 ordinary shares held. The issue price is payable in two parts, 25p in April, and 75p in September. The latter payment is conditional on the AHP deal proceeding.

Three or four non-core subsidiaries within Reckitt will be sold, and should raise about £150m.

Reckitt has a policy of including the value of acquired brands in its balance sheet. This policy will be repeated with Boyle-Midway and Reckitt estimates that over £450m will be added in to represent the US group's trademarks.

Reckitt shares eased from £11.29 to £11.20 yesterday. It also announced a 18.7 per cent increase in pre-tax profits to £217m in 1989.
Reckitt & Colman advances 14% in spite of US downturn, Page 10; Lex, Page 24

MARKETS

STERLING
New York lunchtime:
$1.6175
London:
$1.6165 (1.6425)
DM2.7575 (2.7950)
FFr9.3275 (9.4450)
SFr2.4475 (2.4775)
Y254.00 (247.75)
£ Index 86.6 (87.7)

GOLD
New York: Comex Apr
$401.6 (405.1)
London:
$399.25 (401.25)

N SEA OIL (Argus)
Brent 15-day Apr
$18.85 (18.95)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.7045
FFr5.7600
SFr1.5105
Y151.30
London:
DM1.7040 (1.7020)
FFr5.7625 (5.7500)
SFr1.5115 (1.5085)
Y151.30 (150.90)
$ Index 68.3 (68.1)
Tokyo close: 151.15

US LUNCHTIME RATES
Fed Funds 8⅝%
3-mo Treasury Bills: yield: 8.23%
Long Bond: 98⅝
yield: 8.572%

STOCK INDICES
FT-SE 100:
2,250.00 (+19.7)
FT Ordinary:
1,774.4 (+17.4)
FT-A All-Share:
1,116.74 (+0.8%)
New York lunchtime:
DJ Ind. Av.
2,672.97 (+3.38)
S&P Comp
337.26 (+0.31)
Tokyo: Nikkei
33,690.89 (+328.55)

LONDON MONEY
3-month interbank:
closing $15\frac{7}{32}$ ($15\frac{7}{32}$)
Liffe long gilt future:
June $83\frac{5}{32}$ ($83\frac{5}{32}$)

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Austria Sch24; Bahrain Dn0.700; Bermuda $1.50; Belgium BFr55; Canada C$1.60; Cyprus C£0.80; Denmark DKr12.00; Egypt E£3.35; Finland Fmk8.50; France FFr7.50; Germany DM2.60; Greece Dr150; Hong Kong HK$12; Hungary Ft107; Iceland IKR150; India Rup15; Indonesia Rp3,100; Ireland I£0.80; Israel NS8.50; Italy L2000; Japan Y600; Jordan Fils1,000; Kuwait Fils.500; Lebanon £L400; Luxembourg LFr55; Malaysia Rin4.25; Malta 40c; Mexico Pes500; Morocco Dh8.00; Netherlands Fl3.25; Norway Nkr12.00; Portugal Esc150; S.Arabia Rs7.00; Singapore S$4.10; Spain Pta165; Sri Lanka Rup30; Sweden SKr12.00; Switzerland SFr2.50; Taiwan NT$80; Thailand Bt60; Tunisia Din0.800; Turkey L1400; UAE Dh7.00; USA $1.00.

Mitterrand calls for stronger guarantees on Poland

By Our Foreign Staff

PRESIDENT François Mitterrand of France yesterday called on the West German Government to give stronger guarantees that Poland's western frontier would remain unchanged after German unification.

The resolution recognising the Oder-Neisse border as Poland's western frontier, passed by the Bonn Parliament last Thursday, did not go far enough, he told a news conference in Paris following four hours of talks with Polish leaders.

"I think this declaration must be more specific," he said. "This is not just any frontier. It is the Oder-Neisse line." France supported the Polish demand that the inviolability of the Oder-Neisse should be proclaimed and enshrined in international law, Mr Mitterrand said.

President Wojciech Jaruzelski, who accompanied President Mitterrand at the news conference, had earlier called the West German Parliament's commitments as no more than a *"quarter step forward"*. The Polish President had joined the Prime Minister, Mr Tadeusz Mazowiecki, for a scheduled one-day visit in a last-minute attempt to dramatise Warsaw's concern about its border with Germany.

The French President also came out in support of Polish demands that Warsaw should take part in talks between the two Germanys and the four World War Two allies on German unity, which are due to start next week. But Mr Mitterrand made clear that Poland should not join the "two-plus-four" talks except to take part in negotiations on issues affecting Poland.

However, Mr Mazowiecki insisted that Poland must be present at the Bonn talks. "A formula whereby we are merely consulted is not satisfactory," he said.

President Jaruzelski said the border question was a matter of life and death for the Polish state. He said history gave Poles the "moral and political justification to demand an *unambiguous recognition* of our rights."

Daimler-Benz to announce joint venture

By Andrew Fisher in Frankfurt

DAIMLER-BENZ will announce a far-reaching venture with East Germany's state-owned truck group on Monday, a further example of the extent to which West German companies are striving to build up links with East German industry as a basis for expanded trade with the whole of Eastern Europe.

Like Volkswagen, which plans to work closely with the East German car industry, Daimler-Benz intends to co-operate with its new partner in East Germany to develop, build and sell a new line of products for domestic and export sale.

In both cases, the investments will run to several billion D-Marks.

For Western companies, the strong trade links between East Germany and the rest of Eastern Europe are a strong attraction, Commerzbank said in a study of East German trade. "East Germany can be seen as a springboard for the supply of these markets."

For Daimler, and the truck and car activities which are grouped into its Mercedes-Benz subsidiary, the co-operation with IFA-Kombinat Nutzfahrzeuge, the East German truck concern, is a chance to obtain closer access to growing East European markets.

The final shape of its proposed co-operation with IFA will depend on the result of the East German election on March 18 and the speed with which economic reforms occur.

Earlier this week, Mr Friedrich Wokurka, the chief executive of Robotron, the East German electronics concern, said that the network of trade relations with the Soviet Union and other Eastern European countries should be maintained and developed.

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Gatt upholds Japanese complaint against EC

By David Buchan in Brussels

A GATT panel has upheld Japan's complaint against the European Community's so-called "screwdriver" law, designed to prevent exporters to the EC sidestepping EC dumping duties by shipping parts to be assembled inside the Community.

The preliminary judgement by the Gatt panel of experts was given to Tokyo and Brussels a week ago for their comment, ahead of the next meeting of the Gatt Council in early April which is likely to finalise the draft ruling.

The EC's 1987 screwdriver law is one of the most controversial weapons in its external trade armoury.

It can be used to extend anti-dumping duties to products assembled inside the EC if direct exports to the EC of the product in question are already subject to the duty, and if more than 60 per cent of the components (by value) comes from the country held to be dumping. Some European officials have always viewed the rules as a useful means of attracting productive Japanese investment to the Community.

Japan's apparent victory in its first ever appeal to a Gatt panel could, its diplomats say, increase Tokyo's enthusiasm for settling other trade disputes by the letter of Gatt rules. In such a mood, they say, Japan might reject the EC's demands - considered questionable under Gatt - for continued unilateral restraint on car exports to Europe post-1992.

Though the EC has, under the screwdriver law, extended dumping duties to a number of electronic products assembled in the EC over the past three years, many of the cases have been settled through private undertakings with the companies concerned.

The only investigation which the Commission has under way concerns video cassette recorders from Japan.

However, the Gatt panel's opinion is a setback to the Commission, whose officials had thought they had made the law water-tight under Gatt. For instance, it has been generous in setting the content requirements needed to determine whether a screwdriver product is subject to the rules.

Even products with up to 60 per cent Japanese content are exempt and the remaining 40 per cent can come from anywhere, not just from the European Community.

The panel ruling is understood not to reject the concept of defences against dumpers getting around duties, but only the EC's existing law. The EC may try to carry on with a duly amended screwdriver law, or hope for multilateral agreement on the issue in the current Uruguay Round.

E German election takes bitter turn

By Leslie Colitt in Berlin

THE EAST German election campaign turned bitter yesterday with fresh charges that Mr Wolfgang Schnur, the head of the conservative Democratic Awakening (DA) party, was an "informer" for the former Ministry of State Security Service, the hated Stasi.

Only 10 days before East Germany's first free elections, fresh documents relating to Mr Schnur's alleged ties with the Stasi surfaced in East Berlin. They were found by a citizen's committee supervising the disbanding of Stasi.

The accusations could cost the DA badly-needed votes in the election. The East German conservatives' main rivals, the Social Democrats, are still leading in public opinion polls, although the conservatives have been catching up.

Mr Schnur has fought an aggressive campaign and has been personally favoured by Mr Helmut Kohl, the West German Chancellor, who made several campaign appearances with him and other leaders of the conservative umbrella grouping, Alliance for Germany.

He has been staunchly defended against the allegations by centre-right politicians in West Germany and last night the inner-German relations ministry in Bonn said that for many years Mr Schnur had been passing information to them about legal abuses in East Germany.

A citizen's committee in Rostock which came across the first documents last Monday said they proved "without doubt" that Mr Schnur was an informer for the Stasi. He was said to have been given a high award for his services by the former Stasi Minister, Mr Erich Mielke, who is facing trial on charges of treason.

Mr Schnur replied that the charges against him corresponded with the "repulsive" election campaign which left-wing groups had fought in recent weeks.

Yesterday Pastor Rainer Eppelmann, a member of DA's executive board, said he had not yet seen the latest documents and was unable to say whether they further implicated Mr Schnur, a former lawyer for the Protestant Church who gained fame defending dissidents.

Pastor Eppelmann called the affair a "miserable undertaking" and noted that Mr Schnur's statement of innocence on Thursday was valid until proven otherwise. He recalled that previous charges by a newspaper that Mr Schnur had illegally obtained a new flat in Rostock were later refuted. Mr Schnur is in hospital suffering from exhaustion.

Moscow applies for Gatt observer status

By William Dullforce in Geneva

THE SOVIET Union has formally applied for observer status in the General Agreement on Tariffs and Trade, the first step towards membership of the international organisation governing world trade.

In a letter to Mr Arthur Dunkel, Gatt's Director General, Mr Evgeny Makeyev, the Soviet ambassador, asked that Moscow's application be considered at the next meeting of the Gatt council on April 3.

The council is unlikely to decide next month, according to Mr David Woods, the Gatt spokesman. Consultations will be needed to resolve differences over exactly when Moscow should receive observer status.

Although the European Community and the majority of Gatt's 96 member states favour immediate approval, the US and Japan do not want the Soviet Union observers before the Uruguay Round, Gatt's important trade-liberalising exercise, is completed at the end of this year.

Mr George Bush agreed to back the Soviet application for observer status at his meeting with Mr Mikhail Gorbachev in Malta last December but suggested it should wait until after the end of the Round. The US gave no commitment to back full Gatt membership for the Soviet Union.

President Gorbachev arguing with residents of Vilnius during a visit to muster support against the decision to split from Moscow

Lithuania lays plans for freedom

Paul Winfrey reports on proposals for financial independence

MR Vladas Terleckas is a tense man with sandy brown hair, who nervously sucks his moustache while fielding questions in the office of Sajudis, the Lithuanian independence movement, in central Vilnius.

A professor at the local university, Mr Terleckas also runs the Institute for the Creation of an Independent Money and Credit System, set up last year by the Lithuanian Council of Ministers and entrusted with the task of drawing up guidelines for introducing an independent currency to this Soviet republic of 3.5m residents.

Lithuanian economists claim that an independent currency is needed largely to improve the region's economy, but there is a more pressing need as well: as the republic begins taking steps to leave the Soviet Union, it is being forced to create its own financial mechanisms in a hurry, so it will be ready to govern itself when independence is achieved, which Sajudis supporters believe could come this year.

Sajudis controls an absolute majority in the Lithuanian parliament, which meets today, and the national movement has announced its determination to press ahead with the "restoration" of Lithuanian statehood.

The new currency will be known as the "litas", after the monetary unit which was freely exchanged during Lithuania's brief period of independence (1920-1940). The Lithuanian Government is negotiating with foreign businesses for a print run of the new money, which will be produced from plates that were found last year after a mysterious 50-year disappearance. No date has been set for the introduction of the new currency, but the intention would be to have it in circulation possibly before the end of the year.

In the meantime, the republic has begun creating financial institutions to back up the litas.

On Mr Terleckas's recommendation, the Lithuanian Supreme Soviet passed a law authorising the creation of a state bank. It was due to come into effect on March 1, but so far no one has been chosen to head it.

"We're very inexperienced. We simply don't know how these things work in Western countries," the professor admits, acknowledging his main qualification for the job was that he wrote a PhD on the financial institutions of the so-called "bourgeois government" between the two World Wars. "We don't even have any literature on how these things work."

His vision of the Lithuanian economy is clear, however. He wants to see a privatised, export-driven economy. A separate currency is part of that. But so is a sell-off of government holdings. He proposes that all light industry be auctioned off, and private homes be sold to their owners.

The trick will be achieving this sell-off without angering the Russians, who still control a large chunk of the resources in Lithuania. Since the Soviet law on Economic Autonomy of the Baltics was passed last November, 51 factories have been transferred from Soviet to Lithuanian jurisdiction.

But there are 95 factories on Lithuanian soil which remain under Moscow's jurisdiction – including the prosperous Ekranas Television Factory – and it is unlikely that Moscow will hand them over without a fight. Already President Mikhail Gorbachev is talking about "compensation" of as much as roubles 21bn which Lithuania would be asked to pay the rest of the USSR.

The trick will be in selling off light industry without angering Moscow

Economists are still arguing over the mechanism for introducing the new currency. According to the Terleckas plan, it would be introduced overnight by passing a law that will immediately outlaw commerce in roubles on Lithuanian soil.

Simultaneously, the Lithuanian state bank would begin exchanging roubles for litas at a rate of one to one, but only to Lithuanians who can prove residency, so that citizens from other Soviet republics will be unable to buy up the new currency.

"We'll have to do it all very quickly, to keep money from fleeing the republic," he says. Tourists and non-residents will only be allowed to exchange small amounts. It will not be convertible.

"If you have a convertible currency, you have to have something foreigners want to buy," Mr Terleckas says.

"It will be three or four years before we can even think of that."

Because the new currency will not be freely convertible even with the rouble, trade will have to be conducted on a clearing house basis, with Vilnius-based bureaucrats striking complex barter agreements and balancing out accounts when need be.

But why is the tiny Lithuanian republic contemplating cutting itself off from the world's markets at a time when the rest of the world recognises that the way forward is through greater integration?

"This is the only way forward for us," Mr Terleckas says. "You in Europe are seeking economic integration, but for us, integration has meant being a part of the command and administrative system. We want to get out."

Mr Terleckas remains convinced that an independent currency is the only way forward.

"The rouble means nothing now. Most things are available only with rationing cards. We need to stimulate our workers to work better, and we can't do that with the rouble.

"If we can break ourselves away from the sorry system we have now, it will be profitable for everybody," he said.

Alcatel secures Berlin telecom partner

By William Dawkins in Paris

ALCATEL, the French electronics group, has set up a joint venture to modernise large parts of East Germany's telecommunications network, in by far the most ambitious operation of its kind by a Western telecom company.

Its West German subsidiary, Sel Alcatel, has set up an equally owned company with Berlin-based VEB Kombinat Nachrichtenelektronik, a telecommunications and electronics group. They will together produce the French group's System 12 digital exchanges and a range of other products, using know-how and training provided by Sel Alcatel.

"Alcatel is the first ... to establish such a wide range of activities with east German partners. This joint venture will cover all the products necessary for improving the telecom infrastructures in the GDR," said Mr Pierre Suard, Alcatel's chairman.

The deal comes just a month after CoCom, the group of 17 Western allies, launched a study into reducing strategic export controls on sales of telecommunications equipment, computers and machine tools to the Eastern bloc. CoCom's European partners are pressing hard for freer trade in telecommunications on the grounds that eastern European countries have no hope of building a market economy without efficient telephones.

Alcatel has informed CoCom and expects to receive official approval to make its own products in East Germany in a few months. It also needs the go-ahead from the East German Council of Ministers. In the meantime, the partners can start joint work immediately so long as they confine themselves to the East German partner's existing products.

The pair will install a new factory in the existing premises of the East German partner in Arnstadt, in the south of the country. They plan to produce 900,000 digital lines annually to deliver 1.5m lines to Deutsche Post, the East German telecommunications authority, by 1995. They will co-operate in public switching and business systems.

Negotiations between the pair opened just a month ago, when Alcatel became the first Western company to sell digital exchanges to East Germany, a small but strategically important contract for 34,000 using System 12 technology.

Haiti's leader to quit and leave country

By Canute James in Kingston

GEN Prosper Avril, the leader of the military government in Haiti, plans to step down and leave the country, but is being asked by senior army officers and right-wing politicians to stay on for another fortnight.

Gen Avril's desire, which has been communicated to several foreign governments, coincides with an intensification of anti-government protests and street violence in the Caribbean republic of six million people.

The protests, which began earlier this week after soldiers shot dead an 11 year-old girl, have reached the gates of the presidential palace in Port-au-Prince, the capital. Soldiers shot and killed one demonstrator and injured several others, while one soldier was dragged from his vehicle and beaten to death by protestors.

Gen Avril, who took power in a coup 18 months ago, had earlier said he would not leave office because of the protests. Two days ago, however, he said in a radio interview that he would consider stepping down if the anti-government protests gained momentum.

Diplomats in Port-au-Prince said yesterday that Gen Avril was having difficulty in deciding who should head a provisional government and take the country to promised elections later this year.

Ortega repeats warning on demobilising Contras

By Tim Coone in Managua

THE Nicaraguan President, Mr Daniel Ortega, has reiterated an earlier warning that there will not be an orderly transfer of power to the President-elect, Mrs Violeta Chamorro, if the US-backed Contra rebels do not immediately demobilise.

"The Contras must be disarmed if we are to avoid being dragged into a maelstrom of civil war and insurrection," he told a large rally of supporters on Thursday evening. He said that there are thousands of weapons "in the hands of the people" and that if the Contras refuse to demobilise "we will have no other option than to join together to destroy them". Mrs Chamorro is due to take office on April 25 and negotiations are under way to ensure a peaceful transfer of power.

Leaders of the 12,000-strong Contra army in Honduras demanded this week that the Sandinista-controlled army and police in Nicaragua must first be disbanded before they will lay down their own weapons. President Ortega said on Thursday that if the Contras disarm and if the "integrity of the armed forces and interior ministry are respected, I will hand over the keys of the presidential office on April 25."

GM pleads guilty in Pentagon case

By Peter Riddell

HUGHES Aircraft, part of the General Motors group, yesterday became the fourth leading US defence contractor to plead guilty and pay substantial penalties and a fine for unlawful use of classified Pentagon documents.

Under a plea bargaining arrangement, Hughes admitted guilt on two felony counts of unlawfully obtaining Defence Department budget documents and agreed to pay $8.67m to settle the case, covering civil liabilities, costs and criminal penalties.

This follows guilty pleas over the past year to similar charges by Boeing ($5.2m), RCA ($2.5m) and GTE Government Systems ($300,000).

Yesterday's plea follows a lengthy investigation, known as Operation Uncover. The two counts admitted by Hughes Aircraft cover five-year defence documents issued in 1983 and 1984 summarising resources planned, programmed and budgeted by the Defence Department. According to a court statement yesterday, Hughes unlawfully acquired these and other classified Pentagon documents from employees of other defence contractors between 1978 and 1985.

US employment rise dampens fears of recession

By Peter Riddell, US Editor in Washington

EMPLOYMENT in the US rose sharply last month, further dampening fears of recession and making an early cut in interest rates even less likely.

With unemployment remaining unchanged at 5.3 per cent, Mr Michael Boskin, chairman of the President's council of economic advisers, stressed the rise in employment was well above the gains at the end of last year. It was in line with the Administration view that "the economy, after slower growth, is likely to show progress as 1990 continues".

The increase in payroll employment of 370,000 in February to 110.3m was the largest in a month since mid-1988 and much bigger than the market had expected. This followed a revised increase of 332,000 in January, some 57,000 up on previous estimates.

Some 90,000 of the February increase resulted from the return from temporary lay-off of workers in the motor and related industries. Car companies have been using temporary lay-offs and recalls as the way to cut stocks to match reduced consumer demand. Warm weather last month helped boost building employment by 60,000, seasonally-adjusted. Expansion may therefore be slower during the spring hiring period.

Even after these special factors, employment growth has been strong, especially in services, where it rose in February by 221,000 to 84.6m, over 2.5m up on a year earlier. Growth has been especially strong in health and business services.

Average hourly earnings rose by 0.5 per cent in February after being virtually unchanged in January. Dr Janet Norwood, Labour Statistics Bureau commissioner, said that, with output growth slowing, US unit labour costs were rising. Mr Boskin said the figures "show no signs whatsoever of being inflationary from the wages front".

Mr Boskin noted that both short and long-term interest rates, after falling in the second half of 1989, had "backed up some". It was not totally clear if this was due to temporary or permanent factors.

Mr Boskin and Mr Marlin Fitzwater, White House press spokesman, denied a newspaper report that President Bush would seek to replace Mr Alan Greenspan as Federal Reserve chairman when his current term expires in August 1991. Mr Boskin said neither the President nor he had begun to think about Mr Greenspan's possible reappointment.

But the leaking of apparent discontent by one of Mr Bush's advisers with Mr Greenspan's caution on reducing interest rates reflects a likely long drawn-out debate over his future, although Mr Bush will not allow such leaks to affect his decision.

NEWS IN BRIEF

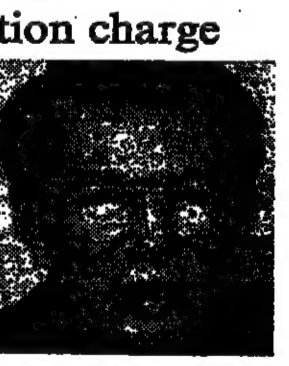
Brussels to impose rules on state-company ties

NEW rules requiring European governments to provide much greater information on their financial relationships with public and semi-public companies are being considered by the European Commission, Lucy Kellaway reports from Brussels.

Sir Leon Brittan, the Competition Commissioner, said yesterday that he was examining a system of annual reports that would give full details of all financial relations between public authorities and "companies on which they directly or indirectly impose an influence".

He also said that the Commission would shortly produce guidelines for public authorities on their dealings with public companies to make sure they were not distorting competition.

Enrile faces corruption charge



The Philippines Government has filed a corruption charge against the opposition leader, Mr Juan Ponce Enrile, right, on top of the rebellion and murder indictments he faces for his alleged role in December's coup attempt, Reuter reports from Manila.

The charge accuses Mr Enrile and others of using laws signed by President Marcos to seize control of the country's coconut industry.

Israelis raid Palestinian bases

Israeli planes killed one Palestinian and wounded two in an attack on guerrilla bases in northern Lebanon yesterday, Reuter reports from Beirut.

The jets hit bases of the Popular Front for the Liberation of Palestine-General Command (PFLP-GC), 40 miles north of Beirut, in an unusually deep incursion into Lebanon. Israel rarely sends planes north of Beirut. It was the eighth Israeli strike against Palestinian and pro-Iranian guerrilla positions this year.

Surrender ceremony for rebels

A dozen boxes of weapons belonging to Colombia's M-19 guerrilla group were melted down on Thursday evening after an emotional ceremony when combatants handed in the last of their guns, Serita Kendall reports from Bogotá. The scrap metal is to be made into a peace monument. The peace process finishes today with the signing of a pact in the presidential palace. About 900 militants will go back to ordinary life.

EC jobless lowest for 10 years

Unemployment in the European Community has fallen to its lowest level for nearly 10 years, reaching 8.6 per cent in January, compared to 8.7 per cent in December, Lucy Kellaway reports from Brussels. According to figures prepared by the European Commission, unemployment is now falling or is static in all of the Community countries, while the number of young people unemployed is falling even faster than the Community average.

Balkan states to meet in Tirana

Foreign Ministers of the six Balkan countries will meet in late October in Tirana, the Albanian capital, to discuss ways of expanding economic co-operation in the region, Kerin Hope reports from Athens. Officials also agreed on joint efforts to combat environmental pollution and on the establishment of a Balkan Chamber of Commerce.

Taiwan bank steps in to counter sharp fall in currency

By Peter Wickenden in Taipei

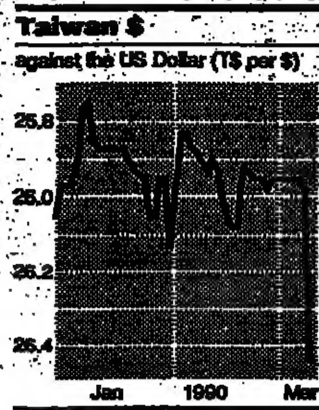
TAIWAN'S Central Bank intervened heavily yesterday in the foreign exchange market, as political and economic factors led to sharp fall in the Taiwanese dollar against the US currency.

The Taiwan dollar closed sharply down against the US dollar after a day of confusion. Traders said there was a rush to buy as it became apparent that the central bank was resisting intervening for much longer than it usually does. The currency fell 20 Taiwan cents to 26.45 after tardy intervention by the Central Bank had brought it back from 26.8.

Foreign exchange dealers said the Central Bank channelled close to £300m into the market.

In the past two years, the Central Bank has been repeatedly accused by the US of manipulating Taiwan's currency to keep it artificially low and maintain export competitiveness. Analysts speculated the bank is suddenly anxious to let market forces be seen to rule, before a further round of talks with the US on liberalising Taiwan's banking industry.

Bankers said the market has been de-stabilised by a large outflow of capital as factional fighting in the ruling nationalist party continues. The exchange rate is currently determined daily by a rotating group of domestic and foreign banks and allowed to float within certain limits.



Mr Yu Chen, Central Bank deputy governor, admitted the bank had made an effort to stabilise the depreciation. He said that the Central Bank would lift by 30 per cent the ceiling the bank places on overseas borrowing by local and foreign banks.

In response to rising demand for import/export business, banks in Taiwan will now be able to borrow $19.8bn a year.

● A serious fire yesterday gutted a reception room and several offices in Taiwan's parliament building, in an apparent arson attempt by radical oppositionists.

Tokyo begins talks on conceding US demands

By Robert Thomson in Tokyo

JAPAN'S leadership yesterday began discussing potential concessions to US demands that the Government make "structural" changes to the economy to reduce the country's $49bn (£29bn) bilateral trade surplus.

The Japanese Government has decided that the US must be offered symbolic concessions in the Structural Impediments Initiative (SII) talks on trade, even though it is deeply sceptical about the long-term value of the initiative.

Mr Toshiki Kaifu, the Prime Minister, indicated that he would hold another meeting of senior ministers today to examine possible changes to regulations on new retail stores, anti-monopoly laws, and public works spending, which have been raised by American negotiators during the SII talks.

"We will need a lot of discussion on these problems to set government policy," Mr Kaifu said. He and other leaders were annoyed by US criticism that they lacked the "political will" to reach agreement on SII solutions. Mr Kaifu has been giving a high public profile to trade matters since returning from meeting President George Bush in the US last week.

The finance, trade, and foreign affairs ministers are due to meet with Mr Kaifu in a Tokyo hotel today, and it is likely they will be asked to decide which symbolic concession would please Washington most, while causing least political damage in Japan.

A senior government advisory body, the Ad Hoc Council for Promotion of Administrative Reform, has produced a draft report calling for "strong political leadership" in dealing with trade friction and high land prices, which it said are the country's two most serious problems.

The report suggests the land tax system be reviewed to ensure more appropriate usage of farming land in urban areas and, on trade, suggests a relaxation of government controls *on business and increased* efforts to bring Japanese standards into line with those of other countries.

Businessmen lose no sleep over switch to civilian rule

Mr Patricio Aylwin, Chile's first freely-elected President since Salvador Allende, takes office tomorrow at the end of one of the most orderly transitions from military to civilian rule in Latin America, Leslie Crawford writes from Santiago.

Only three of the 11 presidents invited to the inauguration will be present at the ceremony in the new Congress in Valparaiso. The others will arrive once President Aylwin is installed, to avoid having to greet General Augusto Pinochet.

This diplomatic snub has visibly upset the outgoing dictator, whose growing isolation was manifest during a farewell tour of the country last month. Copper workers in Rancagua declared him *persona non grata*, while his passage through other towns was marked by clashes between opponents and supporters of the military regime.

As well as pinning "Mission Accomplished" medals on loyal lapels, Gen Pinochet reflected aloud on the achievements of his 16-year rule. These, he said, were delivering Chile from a Communist takeover in 1973 and providing the country with a new institutional framework in which private enterprise had flourished.

Gen Pinochet, who will remain Commander-in-Chief of the Army despite Mr Aylwin's public calls for him to step down, warned the new government: "I will watch, I will listen and I will remain vigilant." This was as much a reference to the dangers of creeping state intervention as to Mr Aylwin's pledge to investigate human rights abuses committed under the dictatorship.

The general reiterated his opposition to rights trials during talks at Mr Aylwin's home on Wednesday, and the President-elect, a 71-year-old Christian Democrat, is now treading more cautiously.

"It is not my intention to promote trials," he said after the meeting. "But the investigations that will take place may affect those responsible for criminal acts. Those who have a clean conscience have nothing to fear."

As far as the economy is concerned, not even the Socialists in Mr Aylwin's centre-left coalition government dream of tampering with the export-led economic model that has given Chile six years of solid growth.

Chilean businessmen are not losing any sleep over the end of military rule and neither have the markets shown any of the usual nervousness that accompanies a change of government in established democracies. The stock market is buoyant, there has been no run on the dollar and the inflation rate in February was a very modest 0.3 per cent.

"We trust the Christian Democrats and we know that they are not about to change the rules of the game," says Mr José Tomás Guzman Dumas, vice-president of Chile's largest private holding company, COPEC. His faith in Chile's continued economic stability can be gauged by COPEC's plans to invest $1.3bn (£764m) in its forestry, fishing and petrol pump businesses over the next five years.

The business community has also had ample time to digest the new government's plans to raise taxes to finance social projects and to reform the military's restrictive labour code.

Although Mr Alejandro Foxley, Finance Minister-to-be, is keeping his tax reforms under wraps, most analysts believe it will be gentle on the corporate sector. To forestall a rash of pay strikes greeting the new government, the incoming Labour Minister, Mr Rene Cortazar, has been quietly encouraging talks between employers and trade unions.

Chile unlocks shackles of retiring regime

Leslie Crawford reports on the mixed feelings over Pinochet's symbol of democracy

IN the heart of the port city of Valparaíso, 2,800 labourers are working round the clock to finish Chile's new Congress building by Sunday – the first day of a new democratic era after 16 years of military rule.

Scaffolding surrounds the largest building ever erected in Chile, while slabs of Italian marble and pink granite wait to be fixed to the walls. In the ceremonial hall, where General Augusto Pinochet will hand over the presidential sash to President-elect Patricio Aylwin, workers are hammering the seats into place.

It appears that only the hall will be ready in time. Mr Hernán Abad, the outgoing military regime's Public Works Minister, says that, "with a bit of goodwill", the House of Representatives will be able to function at the opening session of Congress three days later.

Chile's 47 senators, however, will have to work in one of the dining rooms until the Senate is ready in August. Two 13-storey towers, rising on either side of the building to house the offices and library, will be completed in September. Their giant crane occupies the Congress press room.

Moving Congress from the upland capital, Santiago, to Valparaiso, 100 miles away on the Pacific, was President Pinochet's idea, having conceived the plan while he still harboured ambitions to remain president until 1997. Under a Constitution he crafted in 1980, he was committed to call congressional elections last year, and sending the politicians to the seaside was a way to keep them out of mischief and out of sight.

Pinochet gestures during a nationally televised speech, as he reviews his 16 years in power

However, Chileans voted against his continued tenure in a referendum in October 1988; this paved the way for free elections last December.

For most Chileans, the new Congress is both a symbol of the new democracy being built and an unwelcome legacy of the years of dictatorship they now want to *forget*. The new government is stuck with the building just as the victims and the beneficiaries of the Pinochet regime now have to learn to work with each other.

The most ardent defenders of the new Congress are the people of Valparaiso themselves, who hope the legislature will create jobs and breathe new life into what used to be a thriving port. The city has been battered by six earthquakes this century and is still recovering from the last one in 1985, which killed 200 people and badly damaged the docks.

Most Congress members, though, are unhappy at being placed in a half-finished building far from the heart of government, which will remain in Santiago. "This Congress is part and parcel of the pseudo-democracy we are inheriting from General Pinochet," says Mr Jorge Lavanderos, a veteran Christian Democrat and a new senator. Despite planned video-telephone links, Senator Lavanderos fears the legislature will lose its power to scrutinise the workings of government. He believes the old Congress in Santiago, mothballed for 16 years and hastily refitted last month to house the Foreign Ministry (another of the general's ideas), could revert to its traditional function without delay.

For the senator, who was first elected to Congress in 1957, another potential problem is the inexperience of his fellow-deputies, most of whom receive elective office for the first time. "It takes two to three years to learn the ropes – until then, it could be chaos."

Others see the arrival of a new political generation as an opportunity to wipe the slate clean. "Thank God we don't have experience; we do not want to repeat the old mistakes," says Mr Sebastian Pinera, a wealthy businessman who, at 40, is the country's youngest elected senator.

Mr José Antonio Viera Gallo, a Socialist Party Congressman, agrees with Mr Pinera, although they are far apart on the political spectrum. "The destruction of democracy in 1973 was a collective defeat and its reconstruction will be a collective task," he says. He wants to prove that the Socialists, junior partners in Mr Aylwin's centre-left coalition, will be able to govern responsibly.

Consensus has been the watchword during this delicate transition. The future governing parties and the right-wing opposition have just sacrificed summer holidays to hammer out the composition of main congressional committees.

They have also reached broad agreement on the priorities of the new Congress, which will be largely devoted to undoing the shackles left by the retiring regime. In its twilight, the military junta enacted more than 20 laws, most of which seek to protect the armed forces from future scrutiny.

Taiwan Cabinet approves record budget deficit

By Peter Wickenden in Taipei

TAIWAN'S Cabinet yesterday approved a budget for fiscal 1990/91 that breaks records for both the island government's deficit spending and total size.

Funding for infrastructure projects, social welfare and the Foreign Ministry are to rise sharply, while the proportion of defence spending will continue its recent decline. The budget has been designed to stimulate domestic demand in line with the government's new four-year economic plan and to ease the island's chronic traffic and pollution problems.

The budget includes a record deficit of $6.7bn (£3.9bn), up 83.2 per cent on the current fiscal year, while its total size will rise 22 per cent to $32.07bn.

Infrastructure projects, which include an underground railway for Taipei, a new freeway, several major tunnels and more power stations, will see a 40 per cent rise in funding to $5.76bn.

Social welfare spending will increase 23.4 per cent to $5.9bn. Major programmes include extending the health insurance system to cover a greater proportion of the population. The existing welfare system covers around a third of Taiwan's 20m people and is severely underfunded.

The proportion of the budget taken up by arms spending is to fall from 31 per cent to 27.6 per cent. It may be cut further when the budget proposal passes to parliament for final approval.

Reflecting Taiwan's aggressive foreign policy aimed at entry to the General Agreement for Tariffs and Trade and other international bodies, the Foreign Ministry budget is to rise by nearly 50 per cent.

Ivory Coast announces big price cuts

EXTENSIVE price cuts were announced in the Ivory Coast yesterday, in a government bid to ease the impact of severe wage reductions currently being discussed, Mark Huband reports from Abidjan. Austerity measures, including private sector tax rises, are being negotiated, aimed at reducing government costs to fill a $390m (£229m) financing gap in the 1990 budget.

Public sector employees earning $3,000 a month will see their earnings cut 10 per cent. Lower earners will be unaffected; those earning more than $3,000 a month will have their salaries cut by up to 40 per cent.

The price cuts come after more than two weeks of protests about the austerity measures, agreed with the World Bank *and the International* Monetary Fund in July 1989.

Food prices are to be cut by between 4.45 per cent for beef, and 6.25 per cent for rice. Rents come down by between 5 and 10 per cent, with the biggest cuts affecting the lowest rents. Industrial and domestic electricity prices are to be cut by 10 and 20 per cent respectively. Water charges will be reduced by between 7.2 and 10.7 per cent respectively for industrial and domestic users.

The price cuts, effective on April 1, will also affect sugar, palm oil, soap, medicine, petrol, and building materials.

S Africa tries to woo Hong Kong workers

By John Elliott in Hong Kong

SOUTH AFRICA has become the latest country to try to attract skilled and professional workers from Hong Kong, which is suffering from a brain drain of people seeking the insurance of a foreign passport before China regains sovereignty over the British colony in 1997.

At least 55,000 are expected to leave this year, mainly for Canada, Australia and the US.

The occupations being sought by South Africa range from nuclear chemists, doctors and geologists to systems analysts, diesel mechanics and shaft timbermen. So far, there are only 70 applicants on the books of South Africa's Hong Kong consulate, but a senior immigration official from Pretoria is due in Hong Kong today to explain new procedures.

At a seminar organised by South Africa's 1820s Settlers' Association, which helps to organise migration, he will explain newly-relaxed immigration rules for the selected occupations.

These are aimed at speeding approvals to within a few weeks. Links have been established by the association with private-sector companies seeking staff. The British Government is trying to persuade other countries to offer passports to Hong Kong citizens without requiring them to leave the colony immediately.

This would supplement the UK's controversial scheme for families of 50,000 heads of household to be given right of abode in Britain.

Singapore has been operating such a scheme for several months. It has issued papers promising passports at any time in the next five years (possibly extendable to 10 years) to 17,000 heads of household. A further 3,000 applications are being examined. France is believed to be on the brink of agreeing to extend a scheme for Hong Kong employees of its banks and other companies to be given French passports.

At present, only about 70 are believed to have been issued, but Paris is considering raising this to about 1,000.

Other countries are considering similar schemes, although West Germany and the Netherlands are believed to be among a number of countries whose governments have said their legislation rules out such concessions.

Peking may have to ease austerity soon

By Robin Pauley, Asia Editor

CHINA'S Communist Party Central Committee appears to have begun a key meeting amid signs that the economic austerity programme is wreaking such havoc among private enterprise that it will have to be eased soon.

The National People's Congress, China's "parliament", convenes later this month. Its principal purpose is to rubber-stamp legislation. The Central Committee plenum, composed of 175 regular and 108 alternate members, needs to decide before the NPC what line to take on the economy and what emphases to put in the report which Li Peng, the Premier, will deliver.

China is half-way through what was supposed to be a three-year austerity programme designed mainly to cool an overheating economy and curb spiralling inflation. Demand has slowed as has the rise in inflation, but the impact of austerity has been devastating.

The official China Daily has confirmed that 2.1m private businesses were forced to close last year because of the austerity measures, particularly the squeeze on all credit. This is a much higher figure than the vague "at least 1m" usually quoted. There are now 12.4m private enterprises against 14.5m 18 months ago, a drop of 15 per cent.

The paper said the private sector was "indispensable" and predicted it would recover. It also quoted a senior Chinese economic planner as saying austerity should be eased, and that price reform, abandoned since last summer, could be reconsidered.

Reviving the private sector and selective easing of credit restrictions would help to create employment for the millions who have lost jobs as business and industries have closed down.

In January, China suffered its worst economic slump in a decade, with industrial output value falling 6.1 per cent from the same month a year earlier. In the first 10 days of February it fell by a further 8 per cent compared with the same period a year ago, the China Daily declared.

Ma Jiantang, a member of the powerful State Council Research Centre, was quoted as calling for an end to cuts in state capital spending and more investment in technology.

Kim Il-Sung 'to step down after April 15'

KIM IL-SUNG, North Korea's "Great Leader" since 1948, will step down after his 78th birthday on April 15 and hand day-to-day power to his son, Japan's Kyodo news agency said yesterday, Reuter reports from Tokyo. The report from Peking did not say when the handover would take place.

It quoted Chinese government officials as saying Peking was told in mid-February that Kim was poised to complete the *long-heralded handover* to his 48-year-old son, Kim Jong-il, though he would not relinquish all control.

"He will become North Korea's Deng Xiaoping," Kyodo quoted the officials as saying, implying that, like China's 85-year-old paramount leader, the elder Kim would retain his hold on power by using his immense influence behind the scenes.

Kyodo said a Chinese Foreign Ministry spokesman denied knowledge of any such contacts. There was no immediate comment from the North Korean embassy in Peking.

Kim: 'Handover to son'

Kim Chang-Soon, head of the private North Korea Studies Institute in Seoul, said he doubted the reported move. "With what's happening in Eastern Europe and elsewhere, Kim Il-sung might find it more necessary than ever to tighten his grip on power," he said. "It would be too risky for him to hand power to the junior Kim at this juncture."

Welcome for Aoun offer to help end war

GEN Michel Aoun's professed willingness to negotiate an end to Lebanon's civil war has received a cautiously optimistic response from the government of President Elias Hrawi, Lara Marlowe reports from Beirut.

But the optimism appears due to Gen Aoun's weakness after the loss of his war with the Christian Phalange militia rather than trust that he has changed his policy.

"Prospects for peace are stronger than ever before," the Prime Minister, Dr Selim el-Hoss, said yesterday. Dr el-Hoss was responding to Gen Aoun's promise that there would be no more bloodshed in Lebanon's Christian enclave, nor between Christian Lebanese and Syrian troops.

Gen Aoun's moderation is apparently the result of French and Vatican persuasion as well as his virtual defeat by the Christian Phalangist militia in over a month's savage fighting.

Over the past year, Gen Aoun has initiated battles that have killed almost 2,000 Lebanese. Yesterday, he retracted his demand that the Taif peace accord be annulled. He suggested a settlement might lie in a "Taif accord number two" containing unspecified amendments.

"There can be no re-negotiation of Taif," a member of President Hrawi's government said yesterday.

UK NEWS

THE GUINNESS TRIAL

Roux discouraged colleague from seeing Macfarlane, jury told


Simon Duffy: worried about Bank Leu's Guinness holding

Court report by **Raymond Hughes**

MR OLIVIER ROUX, the former finance director of Guinness, talked a colleague at the company out of going to Sir Norman Macfarlane, then the senior non-executive director, to voice his concern that there might be something unlawful about a Swiss bank's holding of Guinness shares, the Guinness trial jury heard yesterday.

Mr Simon Duffy, the former Guinness director of corporate finance, and now operations director at United Distillers, said he had been worried about Bank Leu's Guinness holding and his own involvement.

He had changed his mind about going to Sir Norman after talking to Mr Roux, because it had been clear that "Olivier was in some difficulties himself . . . I decided I would let him handle it in his own way."

Mr Duffy was giving evidence in the trial of Mr Ernest Saunders, former Guinness chairman and chief executive; Mr Gerald Ronson, Heron group chairman; Mr Anthony Parnes, a City stockbroker; and Sir Jack Lyons, the millionaire financier. They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during its takeover battle for Distillers.

Mr Duffy said that after Guinness had made a £50m deposit with Bank Leu he had learnt that the bank had become the holder of about 40m Guinness shares.

In September, 1986, he said, Mr Roux asked him to put those shares on the market in a manner that would not identify Bank Leu as the holder. He had asked Mr Duffy to ensure that Mr Anthony Salz, of Guinness's solicitors Freshfields, did not become aware of Bank Leu's ownership of the shares.

Mr Duffy said he had ignored that instruction because he could see no reason why Mr Salz should not know. He had discussed the placing of the shares with Mr Salz and Mr David Mayhew of Cazenove, Guinness's stockbrokers.

Mr Richard Ferguson, QC, for Mr Saunders, asked if the topic of Bank Leu's shareholding had caused Mr Duffy "a lot of heart-searching" after the announcement of a Department of Trade and Industry investigation of Guinness.

Yes, said Mr Duffy. On December 14 1986, he had read a newspaper article that questioned the lawfulness of a holding of Guinness shares by Schenley, a US drinks distributor. It made him wonder whether there was anything unlawful about the Bank Leu holding.

Mr Duffy agreed he had been worried that he might innocently have become involved in something unlawful. He had discussed with his wife whether he should resign from Guinness. Instead he decided to go to Sir Norman Macfarlane.

"Is it right that Mr Roux persuaded you not to do that?" asked Mr Ferguson.

"Persuaded is not quite the word I would use," replied Mr Duffy. He said he told Mr Roux of the article, his worries about the Bank Leu matter and his intention of speaking to Sir Norman.

"Olivier said to me, 'What do you really know, as opposed to what you just suspect? Can you say for sure there was anything wrong with this?'

"I thought about it and decided not to speak to Sir Norman for two reasons: it was true I did not know anything, and it was perfectly clear to me that Olivier was in some difficulty himself emotionally. He was clearly under a lot of pressure and I decided that, rather than speak to Sir Norman, I would allow Olivier to handle it in his own way," Mr Duffy said.

Mr Ferguson said he understood that Mr Duffy did not want to say anything to harm Mr Roux. He suggested that Mr Duffy's instincts had been to go to Sir Norman but, "after seeing Mr Roux's reaction you decided, out of loyalty to him, that you would let him work out what he was going to do first."

Mr Duffy said that "Olivier was just a very worried person . . . It struck me that perhaps his problems were greater than mine."

He added he subsequently regretted not having gone to Sir Norman.

Mr John Chadwick, QC, prosecuting, asked Mr Duffy why he had not spoken to Mr Saunders about it.

Mr Duffy replied: "It seemed sensible at the time that if there were things going on which were unlawful and in which I had become involved – it frankly did not enter my mind that these were matters which Mr Saunders would not have known about."

Mr Peter Keehan, a Guinness non-executive director between October 1982 and August 1986, said he had complained to Mr Saunders about not being kept fully informed about the progress of the bid.

"I said, 'I have an unhappy feeling that you believe if I knew more about it I would in some way blow the gaff.' He told me I, as well as all the other directors, had as much information as we needed to have."

Mr Ferguson suggested that when Mr Keehan had tried to contact Mr Saunders his concern had not been with Guinness matters but with "matters of golfing politics – such as where the Open should be held."

Mr Keehan said he resented that suggestion, adding, "I think you are referring to the Ryder Cup."

The trial continues on Monday.

Tin price slide forces Cornish mine to close

By Kenneth Gooding, Mining Correspondent

THE COLLAPSE in world tin prices has claimed its most important UK victim. The historic Wheal Jane near Truro, one of the two remaining working tin mines in Cornwall, is to be closed permanently with the loss of 150 jobs.

The mine is owned by Carnon Consolidated, which was bought by 12 managers from the RTZ Corporation 19 months ago. At that time, Carnon employed 2,000 people. After the closure the number will have been reduced to 370.

Mr Brian Calver, managing director, said yesterday that a flood of cheap tin from Brazil, now the world's largest producer, was forcing high-cost mines to close world-wide "and Wheal Jane is a high-cost mine."

He said Carnon would concentrate on its South Crofty mine, near Camborne, which could survive at a tin price of about £4,000 a tonne – last night's price was about £3,900. Wheal Jane needed £6,500 a tonne to break even.

He said Carnon's annual tin output would be reduced from about 3,500 tonnes to 2,500 tonnes by the end of this year.

Wheal Jane will be run down gradually over the next nine months. Analysts said that once the pumps were turned off it would quickly flood, making it too expensive to reopen.

Carnon has a £25m interest-free UK government loan and one of £10m from RTZ. That money is designed to ensure *the company's survival* until the completion of a £31m capital development programme in 1991.

Mr Calver said most of the money had been spent on South Crofty. The Government had been consulted about the closure of Wheal Jane.

Tin prices have fallen by more than half since August last year. In January, Carnon laid off 90 employees and reduced output and capital expenditure. Last month, the Geevor mine, near Land's End in Cornwall, stopped mining with the loss of about 700 tonnes of tin a year and 122 jobs.

Mr Matthew Taylor, Liberal Democrat MP for Truro, yesterday demanded a government statement about continuation of the support already promised to Carnon.

"Today's news is a tragedy for all those who have put their blood, sweat and tears into keeping the mine open," he said.

"Those foreign producers who used the rising tin price last year as an opportunity to dump tin on to the market have a lot to answer for."

Mr Calver insisted that South Crofty was in a relatively strong position because of its lower costs. "But no mine is really safe in the tin business."

He expected tin prices to recover soon because "too many people are losing too much money at today's prices.

Battle commences over local authority budgets for 1991-92

By Richard Evans

THE FIRST shots in the battle for the crucial 1991-92 local authority budgets were fired yesterday when council representatives met Environment Department officials to set the agenda for a final decision in July.

The discussions, which might become very fraught in view of the row over community charge levels for 1990 to 1991, will disclose how the Government intends to navigate the poll tax minefield in future years.

Specific figures were not discussed at the meeting, but initial indications are that local authority organisations will be seeking an additional £3bn from central government as a basis on which to negotiate. That amount would be extra to the Government's assessment of council spending in 1990 to 1991.

Council leaders argue that unless substantial further government funds are forthcoming, poll tax levels will continue to rise in the run-up to the next General Election, which is likely to be in 1991-92.

Another reason for additional resources is the extra responsibilities being placed on councils. Those include work for education authorities generated by the Education Reform Act, tougher environmental provisions, and implementation of the Government's Care in the Community proposals.

The Environment Department was said to be sympathetic to some of the initial points put yesterday, but the Treasury is expected to argue that the Government cannot endorse profligate spending by councils in 1990-91 by automatically providing additional funds in the following year. Negotiations are therefore expected to be tough.

The council representatives proposed a meeting with ministers in April, when the Government will have decided whether to cap local authorities with excessive community charge rates, and officials agreed to consider that.

There were also demands for more accurate information to be taken into account by the department before a council's standard spending assessment is finalised, and officials agreed to reconsider the basis for decisions in 1991-92. It was emphasised, however, that there was no question of altering the controversial figures for the next financial year.

One of the local authority groups, the Association of Metropolitan Authorities (AMA), warned yesterday that if ministers decided to cap poll tax levels, education budgets in particular would be thrown into confusion, and the national curriculum would suffer.

The reforms needed a massive investment of resources if they were to get off the ground, and they were not getting it. The AMA gave a warning that it would consider a legal challenge to the Government over the impossibility of meeting new education responsibilities, should there be retrospective capping of the poll tax.

Ordinary people watch the party turn sour

SIXTY people were arrested and 29 police officers hurt in Thursday night's demonstration outside the town hall in the London Borough of Hackney as councillors met to set a poll tax of £499. Police said 20 of those arrested gave addresses outside Hackney.

Jimmy Burns and Emma Tucker watched as the demonstration flared into some of the worst scenes of violence in the current wave of poll tax protest.

THE MEETING was scheduled to begin at 7.30, but by 6.30 about 500 protesters had taken up position outside the town hall.

"It's a really good atmosphere, this, like a party, really," said Lisa, one of the protesters. She wore no badges, claimed no affiliation to any extremist organisation, and said she had come along simply because she believed in justice.

Around her, the atmosphere was less straightforward. Packed into the front lines of the protest stood about a dozen youths holding Militant Tendency and Socialist Workers Party banners, mouthing expletives at the small contingent of uniformed police between them and the town hall's closed front doors.

This group seemed strangely packaged. It was Hackney's poll tax day, but it could have been a picket line, a student protest, or even a football terrace. Some of them seemed to hold their banners not as a protest, still less as a celebration, but as totems of war.

One protester – Ms Betty Shanks, a former Labour mayoress of Hackney, who was born in the borough in 1929 – left the main crowd and manoeuvred her way behind the police to speak to journalists. "The people at the front making trouble aren't typical Hackney people," she protested angrily. "They shouldn't be attacking the police – it's not their fault."

At the back of the crowd, now nearly 2,000, pensioners and families – some with babies – held back. "We're just ordinary working-class people who can't afford to pay the damn thing," said Ms Barbara England, a Hackney resident. "Most of the people here are from Hackney, but I don't recognise any of the kids at the front."

Deep in the crowd and on the periphery, it was difficult to find anyone prepared to admit membership of any extreme left-wing groups. One couple waving an SWP "non-payment" banner said they had been handed it by somebody wandering through the crowd. "We're not members of the SWP but we are angry. I'll wave anything to show this Government how I feel," said the woman.

Mr Bill Davies, a pensioner carrying a Militant banner, said he supported the group because they had listened to him. "I went to the Tories to tell them I couldn't pay, but they didn't want to know. At least this lot are doing something."

By about 7 o'clock the police were bringing in reinforcements. The thin blue line of men and women who until then had stood their ground passively, if nervously, was supplemented by tactical support groups – officers trained in riot control and wearing heavily padded uniforms.

Protesters, police and press outside Hackney town hall in London on Thursday night

"It's the riot squad," said one youth, tossing a packet of flour into the front line.

On the steps, a spokesman for the All Britain Anti-Poll Tax Federation, took up a megaphone, with the permission of a policeman, and in formal tones urged the protesters to listen to the interesting speakers he had lined up for the evening. They included representatives of the National Union of Mineworkers and the Marxist Workers Tendency of the African National Congress.

The proposal was abandoned soon after the first speaker, a sacked miner, lost his words in the midst of increasingly loud chanting from the protesters.

A better reception awaited a youth who, just before 7.30, appeared unexpectedly on the first-floor balcony of the town hall, unfurled a banner with the legend "Pay No Poll Tax" and raised a clenched fist. A cheer rose from the protesters.

Then the scuffles began. A drum beat from the crowd rallied the banner carriers, who gathered around the main entrance. One youth threw a bottle, another the stick with which he had held a poster. Others threw smoke bombs and coins.

Some policemen were punched, and the first arrests made. As protesters from the front line were snatched by the tactical support group, friends ran after them, screaming abuse and hitting out.

One Militant supporter snatched a camera from a journalist and held it above a policeman, threatening to both photograph him for evidence and smash it on his head.

Ms Shanks remained unmoved: "They want to get arrested. I saw one boy get off the bus at 5.30. At 6.15 he was arrested, that's all he wanted."

By around 8.30, more police had been brought in to clear the demonstration from the town hall area, bringing the number to about 300. Most of the 4,000 crowd had dispersed but about 200 people began running down the high street, looting shops and briefly laying siege to a MacDonald's restaurant.

The looting lasted only a few minutes before the remaining protesters disappeared into the night. The party, if there had ever been one, was over.

● Nine men arrested during the Hackney demonstrations appeared in court yesterday. Among them were men from Glasgow, Sherborne in Dorset, and Blackburn, Lancashire. The remainder mainly gave addresses of squats in east London.

Haringey's early start sets charge

By John Authers

HARINGEY Council's leadership avoided further trouble from protesters, but an alliance of Tories and left-wing Labour councillors almost thwarted its attempt to set a poll tax of £572.88.

The meeting's early start at 9 o'clock yesterday morning deterred protesters from appearing in any force. Around 100, mostly from the Green Party and the Southwark Anti-Poll Tax Union, turned up outside the town hall in Wood Green.

The demonstrators complained bitterly about the timing. Mr Dave Morris of the Anti-Poll Tax Union, said: "It's a bit of a dirty trick having a so-called public hearing of major importance with no publicity at nine o'clock in the morning on a weekday."

Mr Jonathan Dobres, of the Green Party, said: "It's just to flush out the antisocial elements. It seems fundamentally undemocratic."

The council denied that the timing had been chosen to deter protesters. It had been set at the end of Monday's meeting. The council had wanted to set a budget and go on to set its poll tax by 1pm to save money on billing expenses, but stonewalling by councillors prevented that.

Extra police were on standby, with coachloads waiting in a car park behind the building in Wood Green.

As the meeting continued, the chances of setting a budget by the deadline of midnight today looked slim. Left-wingers and members of the Tory group tabled amendments delaying voting on the budget.

However, the rate was later set by the mayor's casting vote. Four left-wing councillors had earlier resigned in protest. There were shouts from the public gallery but no trouble and few demonstrators outside.

Water costs expected to be passed on

By David Thomas, Resources Editor

WATER consumers in England and Wales will have to bear the full cost of the Government's concessions on sewage dumping at this week's North Sea conference in the Hague, according to stockbrokers' analysts at Barclays de Zoete Wedd.

The privatised water companies will be able to pass the full cost through in extra water charges, BZW says in a circular.

Publication of the circular coincided with a warning from Strathclyde Regional Council, the largest local authority in Scotland, that it faced a bill running into "hundreds of millions of pounds" if it was to comply with the European Commission draft directive on sewage disposal.

Councils in Scotland are responsible for water supply and sewage disposal.

Compliance would require the regional council to phase out sludge dumping at sea. Such dumping is presently running at about 1.8m tonnes a year. The council would also have to provide improved sewage *treatment for coastal* communities between 1991 and 1998.

Mr Alex MacLean, chairman of Strathclyde Regional Council's water and sewage committee, voiced fears that the authority was in "very serious difficulties."

BZW says there would be less of an impact on the privatised water companies in England and Wales of the Government's commitment to phase out North Sea dumping of sewage sludge by 1998 and to ban the discharge of untreated sewage into the sea.

The circular argues that the regulatory regime governing the water companies' price increases will allow them to pass the extra costs straight through into higher water charges.

"Indeed, without agreement with the regulator that tariffs can be raised to cover these costs, we do not believe the companies will even embark on new spending projects," BZW's circular says.

New radiation limits sought

By Ian Hamilton Fazey, Northern Correspondent

THE four unions representing manual workers at British Nuclear Fuels yesterday voted to press the company to adopt the tightest limits in the world for exposure to radiation, whatever the financial cost.

They also demanded that BNF's compensation scheme for workers developing illnesses through work be extended to their children and that any worker should have the right to transfer out of one of the problem plants.

The company said that 89 per cent of workers exposed to radiation at its Sellafield nuclear fuel reprocessing plant were already within the new limit being demanded by the unions.

Stock Exchange prepares traders for paperless settlement

By David Waller

DEMATERIALISATION may sound like a philosophical concept or something from a science fiction series, but it is in reality one of the Stock Exchange's principal goals *in setting up Taurus, a paper*less clearing and settlement system for the London stock market.

Project Taurus, the Stock Exchange's prospectus published yesterday, says the aim is that the UK should have "the first 'certificateless' society in a major international securities market." Share certificates, which have for decades been the the principal legal evidence of title, are to be eliminated and replaced by electronic share ownership and transfer facilities.

The report says: "Transfer of share ownership will no longer rely on the antiquated, labour and paper-intensive methods which have relegated the UK to secondary status in terms of settlement efficiency in the world's securities markets." Shares will be held in the equivalent of bank accounts and the settlement system will move from the present two-week account system to a rolling settlement system.

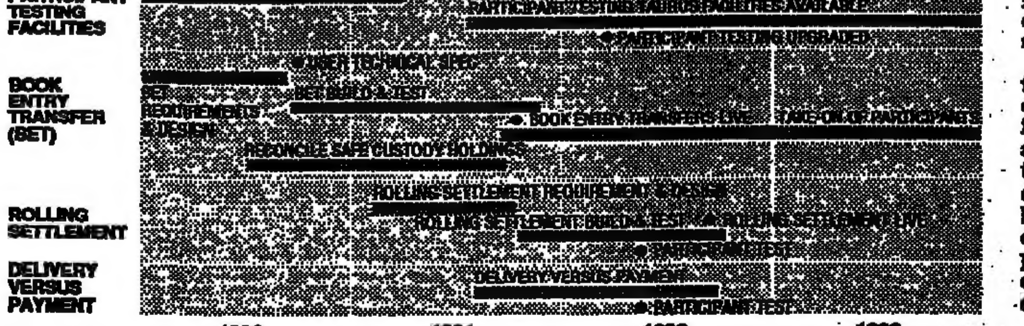
Yesterday's report gives a nuts-and-bolts analysis of how the proposed system would work for users such as institutions, stockbrokers, companies and banks.

The timetable, described as "aggressive" by Stock Exchange chairman Mr Andrew Hugh Smith, in his foreword to the report, is is spelt out in detail, together with a breakdown of the estimated costs and benefits of the project.

The basic design work is due to be completed by September "to the point where detailed user documentation can be issued." It is intended that magnetic tape and paper transfer mechanisms between users and the central system will start to be replaced by computerised network links by March 1991.

The first stage of dematerialisation is due to have begun by October 1991, when selected users will start to use the system for live transactions. The target is that most users – and certainly the most heavily traded securities – will be on the system within a year. Dematerialisation is scheduled for completion by the end of 1993.

Settlement implementation timetable



The aim is to move directly from the present settlement system to a five-day rolling system by October 1992. The report says the new system would reduce the time between dealing and settlement, and thus the risk of deals not being settled. It would also even out the flow of work in the back office, eliminating peaks and troughs and, it is hoped, the "accumulation of delays and backlogs" which happens now when trading is particularly active.

The report includes a cost-benefit analysis of the move to the new system based on the findings of Coopers & Lybrand Deloitte, the accountancy and consulting firm. Coopers has concluded that there will be a definite saving on direct costs from the elimination of paper processing.

Assuming a discount rate of 15 per cent and a phasing of benefits over three years, the net present value of the savings over 10 years will be nearly £225m. If the discount rate is 12 per cent, the saving would increase to £255m. Those figures assume 100 per cent dematerialisation.

The figures were calculated by analysing the cost savings to a number of sample organisations. Extrapolated from the sample, the total cost savings worked out at £53m for one year – broken down as custodians, £16.9m; institutions, £5.2m; institutional stockbrokers, £11.5m; private client brokers, £8.2m; and registrars, £8.5m. The Stock Exchange's central settlement office will save £2.7m.

Those figures do not include the tangible but "less easily quantified" savings arising from the the reduction of risk and of capital employed once the new system in is place. Nor do they assess the intangible benefits such as "greater confidence in the UK market on the part of overseas investors, and cheaper and simpler processes."

Looking at the costs side of the equation, the report says the development costs of the project from April 1989 to March 1993 will be between £45m and £50m.

Infrastructure spending will absorb £9m-£10m and Taurus (dematerialisation itself) between £30m and £33m. The move to rolling settlement will cost a further £6m to £7m.

Some 40 per cent of the work involves modification of Talisman, the existing system. To meet the deadlines, much of the new work will be covered by external purchases of packages or software development, the report says.

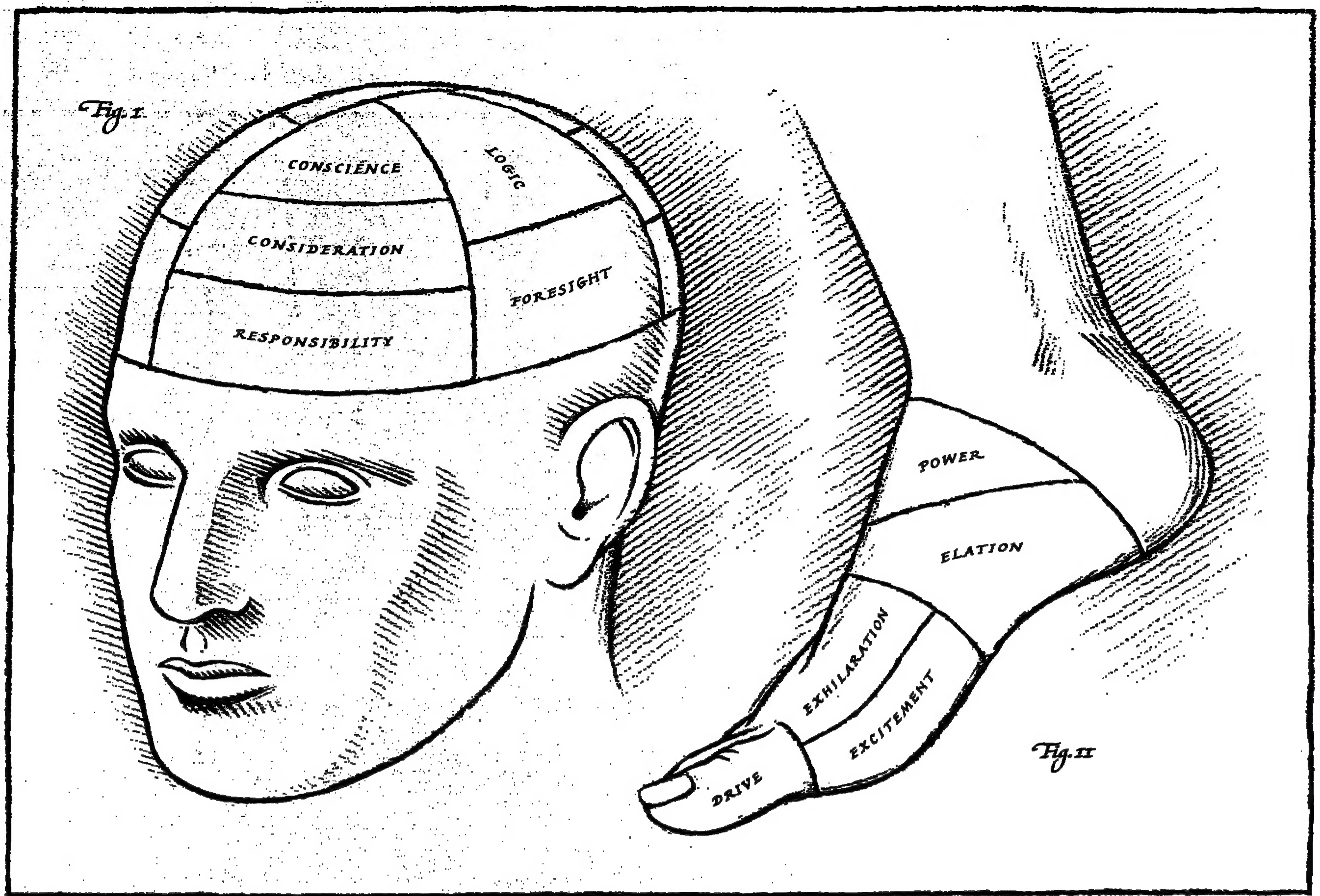
The Coopers cost-benefit study shows that many of the clerical activities concerned with the control and processing of physical documents will no longer be required.

However, the report says, other aspects of control and reconciliation will be increased, given the need for daily confirmation of account balances and the need for additional computer support. Total operating costs are estimated to be between £30m and £35m annually.

The document explores a number of ways of recovering those central costs.

"It is anticipated that all participants, except listed companies, will be expected to pay some proportion of the costs in relation to the services provided to them," the report says.

The Stock Exchange itself intends to treat the development costs as debt capital to be serviced and repaid out of revenues over the life of the system.



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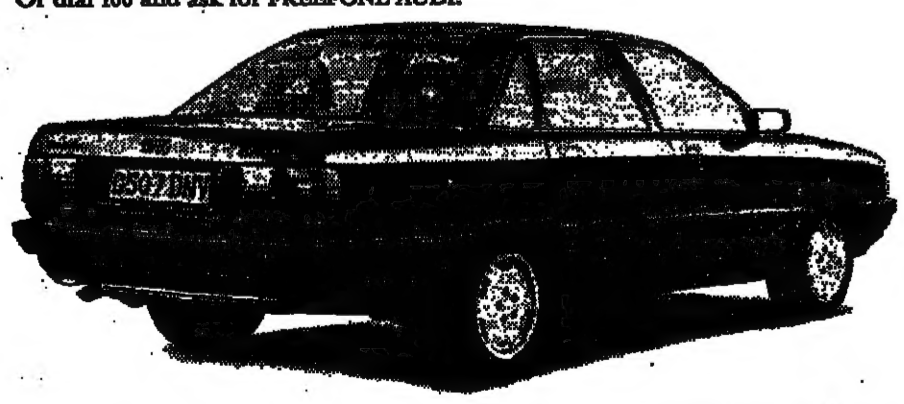

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UK NEWS

Borrie seeks estate agent laws

By David Barchard

SIR GORDON BORRIE, the Director General of Fair Trading, has called on the Government to protect the customers of estate agents with new laws.

His recommendations, contained in a report published yesterday , represent a move away from the idea of a voluntary code of practice for estate agents. The report follows a two-year study of the estate agency industry.

"The best way of helping consumers in the short term is a small but effective package of statutory obligations targeted on specific abuses," Sir Gordon said yesterday. His proposals include:

- Including "health warnings" in contracts to explain obscure terms – such as "sole selling rights." Customers would be advised that they should not sign unless they agreed to the terms.
- The Director General of Fair Trading to be given powers to warn or ban agents who give seriously inaccurate descriptions of properties.
- Estate agents to be barred from telling customers that a higher offer has been received when it has not – a practice designed to push up bids.
- Measures to discourage estate agents from pressurising buyers into taking out services with them, and discriminating against them if they refuse to do so.
- Estate agents to disclose in writing when they, or their associates, have a direct interest in the buying or selling of a house.
- Information on commissions and other charges to be given in writing.
- Decisions on whether or not to ban estate agents from practising would be able to take earlier offences into account.

Sir Gordon has decided not to introduce minimum professional standards based on examinations for estate agents.

He believes that most complaints about estate agents concern their ethical standards rather than their professional competence.

Sir Gordon's proposals imply changes in the Trade Descriptions Act and in the 1979 Estate Agents Act.

Mr Eric Forth, Under-Secretary *for Consumer Affairs* in the Trade and Industry Department, who is in Australia, said yesterday he would consider Sir Gordon's recommendations on his return to the UK.

Mr Paul Bown, chairman of Connell Residential Division, said: "I welcome the introduction of all these measures, though some of them may be difficult to police.

"Estate agency doesn't always get the best press and anything which cleans up the 5 per cent which ruins the profession's reputation is good news."

Special effects of a conservation area

David Churchill on MCA's planned £2bn theme park in east London

THE FATE of Britain's biggest leisure development of the 1990s is far from sealed in spite of the recent decision by Havering Borough Council to approve plans for a £2bn film studios and theme park on the outskirts of east London.

The planning application was made by MCA, the American parent company of Universal Studios, for a Walt Disney World-style development on a 1,000-acre nature reserve at Rainham Marshes on the eastern edge of London.

The local authority's decision has angered wildlife and conservation groups because Rainham Marshes is one of the largest wildlife sites in the south-east.

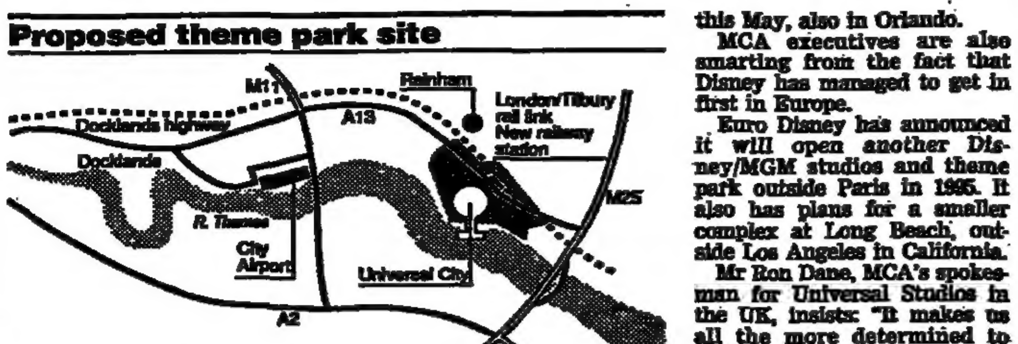
Unimpressed by assurances of £16m of conservation measures for the site, conservationists are pinning their hopes on Mr Chris Patten, the Environment Secretary, granting a public inquiry into the project.

Mr Patten has until Easter to decide whether such an inquiry should be held.

His decision is also awaited keenly by the clutch of leading UK companies and organisations involved in the project. They range from the Rank Organisation – which plans to take a big financial stake in *the project to add to its 50 per* cent share in a similar development in Florida – through to several large construction groups that have formed a consortium to develop the site.

In addition, the BBC is expected to be one of many film and television production organisations ready to take advantage of the filming facilities scheduled for the site. Soap operas such as *Eastenders*

Proposed theme park site



(if still running when the studios are planned to open, in the mid 1990s) would be recorded there, watched by as many as 5m visitors a year.

Other attractions planned for the studios and theme park are a larger-than-life-size *King Kong* display, and other rides based on the films *E.T.*, and *Back to the Future*.

Although backers of the Rainham plan are pleased that the local authority has supported the first stage of the development, they are still threatening to take the theme park elsewhere if the project is held up by an inquiry.

Paris is the likely alternative, especially as the French government has offered special *financial arrangements*, similar to those obtained by the Euro Disneyland project, if the Universal Studios are built on the outskirts of the French capital.

"There is no doubt that it will be a significant lost opportunity for Britain if the project goes to France," points out Mr Michael Gifford, chief executive of the Rank Organisation. "It will provide a boost not only to jobs but also to the film and tourist industries who increasingly have to compete with the rest of Europe."

MCA, however, has other reasons for wanting the project to stay in Britain: it hopes to stop playing second fiddle to the Walt Disney company, which has successfully built on MCA's original concept of capitalising on the public's fascination with the film industry.

It was MCA in the 1970s that first drew on this potential audience by developing a studio tour and "themed" attractions at its Universal site in Hollywood.

Universal Studios became one of Los Angeles's biggest *tourist attractions*, taking some of the gloss from another of LA's prime tourist haunts, Disneyland.

More than a decade ago MCA reportedly decided to build another Universal Studios operation in central Florida, but Disney got in first, opening a Disney/MGM film studio and theme park in Orlando last May. MCA's new Universal Studios development opens this May, also in Orlando.

MCA executives are also smarting from the fact that Disney has managed to get in first in Europe.

Euro Disney has announced it will open another Disney/MGM studios and theme park outside Paris in 1995. It also has plans for a smaller complex at Long Beach, outside Los Angeles in California.

Mr Ron Dane, MCA's spokesman for Universal Studios in the UK, insists: "It makes us all the more determined to make sure we get the Rainham project under way as soon as possible."

Some leisure industry analysts remain doubtful about the project's potential success.

Apart from conservation concerns possibly raising costs and making it uneconomic, the main objection seems to be one of transportation. "There are significant transport problems in getting to and from the proposed site, especially for Continental visitors," suggests one analyst.

In contrast, Euro Disneyland's Paris project has been planned to be easily accessible to a wide catchment area throughout continental Europe, helped by the French Government's investment in new high-speed trains.

Nor does the failure of several other British leisure developments to get off the drawing board in recent years – such as the theme park planned for the disused Battersea power station – augur well for the Rainham project.

Nevertheless, there will be many in Britain's leisure industry rooting for King Kong to make his mark on downtown Rainham.

Mood of emergency on the wards

Alan Pike looks at the effects of NHS restructuring on staff morale

THE MAUDSLEY Hospital in south London is a centre of excellence for British psychiatry. Many of the country's most distinguished names in academic and clinical psychiatry are associated with it. Its international reputation earns Britain foreign currency from courses run for doctors from overseas.

This week, however, the Maudsley does not glow with the confidence of a national flagship. *It is*, in the words of one doctor, in a state of "appallingly low morale" as staff await a health authority meeting on Monday which is to vote on a package of financial savings.

The Maudsley is not alone. With National Health Service expenditure at its highest-ever level in real terms, Mr Kenneth Clarke, Health Secretary, is denying claims that patient services are being cut because of underfunding. Staff at a number of hospitals disagree with Mr Clarke.

Health authorities are being required to balance their books in preparation for next year's restructuring of hospital financing under the Government's *NHS reforms. The task for* overspent authorities seeking measures to eradicate their deficit is made more difficult because, after years of tight financing, most of the obvious savings have already been made.

Managers of the Bethlem Royal and Maudsley Health Authority have to find savings of £600,000 if they are to stay within their £27.4m cash limit for 1990-91. However Mr Clarke describes that process, the staff of the Maudsley call it imposing cuts.

A campaign to oppose the proposals has managers ordering the savings and doctors opposing them in sympathy for each other's positions.

The proposals would affect services including the Maudsley's emergency clinic – the only 24-hour walk-in specialist psychiatric casualty centre in London, services at which would be scaled down during evenings and weekends – the hospital's centre for mentally handicapped children and its National Demonstration Centre for the community care of the mentally ill.

Doctors campaigning against the proposals have issued statements saying that the Maudsley is at the point of providing second-rate care and of being unable adequately to train future psychiatrists.

Dr James Birley: "Most of our work involves long-term patient care"

The doctors at registrar and junior level are leading the campaign, but senior staff share the anxiety.

Dr James Birley, a consultant at Maudsley and president of the Royal College of Psychiatrists, says: "Unlike general hospitals, much of the work here involves the very-long-term care of patients.

"We have three teams who look after a total of 300 people in the community. Under the proposals, one of the three is likely to be withdrawn. We might lose a team but we won't lose the patients – somehow we shall still have to provide care for 300 people."

Another senior member of the staff is Professor Griffith Edwards, professor of addiction behaviour in the London University Institute of Psychiatry, to which the Maudsley is attached. Prof Griffith has been associated with the hospital for 31 years and is "not given to marching with banners." He accepts the need for public questioning of the use of money in the NHS, and says the Government has a right and responsibility to seek accountability and put limits on spending.

However, he believes some of the financial pressures the Maudsley faces are "cutting into the flesh of the hospital" and undermining morale.

"We have reached a point where, for example, if research shows that local GPs are doing good work with people with alcohol problems, we can't get funding for community nurses to support them. It's like working in some batty industry where you do the research but don't do the development."

Dr Stephen Wolkind: optimism chopped away

The Maudsley is this year introducing a clinical directorate system – a structure supported by the Government that involves *doctors in management* and budget handling.

Dr Stephen Wolkind, a consultant, has become clinical director for the hospital's children's department. He says his first act in the job was to warn colleagues that 7 per cent of their budgets was likely to disappear.

"Earlier this year we were sitting at meetings making plans for the future. Now all that optimism has been chopped away. It is a terribly frus*trating time*."

Mr Eric Byers, general manager of the health authority and the man responsible for forwarding the £600,000 savings package to Monday's meeting, says he accepts that "in one or two areas the proposals will involve a straightforward reduction in services."

He believes medical staff appreciate *that managers* cannot go on forever trying to find all the savings in non-clinical areas.

"If you do that, the support services are not in a fit state to support the clinical ones. We are accustomed to scrubbing away at the margin. We have become more adept at this than most organisations. But *the frustration is that even if* you hold your own there is no money to develop services."

Supporters of the Government's health reforms say cases such as the Maudsley prove the need for the proposed change from the present rigid, cash-limited system of funding to one where hospitals will be paid according to the amount of work they attract. Critics, which have included all the leading medical organisations, say it demonstrates that there is simply not enough money circulating in the NHS's system.

The relative merits of the arguments are being discussed by staff at hospitals throughout the country. At the Maudsley, they are currently more concerned about what is going to happen next week.

Legal aid fees to rise next month

By Robert Rice, Legal Correspondent

FEES for criminal and civil legal aid work are to rise by 7.5 per cent for solicitors and 7 per cent for barristers from April 1, the Lord Chancellor announced yesterday.

Children, pensioners and those involved in personal injury cases will benefit from a change in the eligibility rules for civil legal aid from April 9.

Children under 16 will no longer be assessed on their parents' income, but in their own right. The change will potentially affect a further 5m children.

Pensioners with little income except for invested capital will have some of that capital disregarded when being assessed for legal aid.

The upper eligibility limit for disposable income when being assessed for personal injury cases will rise by 16 per cent to £7,000 and the upper capital limit by 33 per cent to £8,000.

Eligibility for legal aid is calculated according to disposable capital and disposable income (income after all necessary expenses). Broadly, those with disposable income and capital above the upper prescribed limits are ineligible, those below the lower limits qualify automatically for legal aid and those in between pay a contribution on a sliding scale.

It is estimated that since 1979 as many as 14m people in England and Wales have become ineligible for legal aid, most of them ending up in the litigation poverty trap where they are neither rich enough to go to court on their own account, nor poor enough to qualify for government assistance.

Welsh arts centre proposed for Cardiff

By Anthony Moreton, Welsh Correspondent

A NATIONAL arts and crafts gallery in Cardiff has been proposed by the Institute of Welsh Affairs, an independent think-tank set up three years ago.

The institute has identified two potential sites; one in the city centre, the other in the heart of a redevelopment of Cardiff's docklands being undertaken under the aegis of the Cardiff Bay Development Corporation.

The city-centre site, which would involve buying and converting existing buildings, would cost £5.5m.

A figure for the alternative dockland scheme has not been estimated.

South Glamorgan council plans to develop an arts complex at the dockland location, incorporating a college, studios, galleries and workshops as well as shops and restaurants. Associated British Ports announced yesterday that it would develop a 40-acre, £150m scheme alongside that site.

Pensions indexing expected

By Eric Short, Pensions Correspondent

THE Government is expected to require all salary-based company pension schemes to uprate pensions each year parallel with the retail prices index up to a maximum of 5 per cent.

The limited pension increase (LPI) is expected to be inserted at the report stage of the 1990 Social Security Bill, due towards the end of March.

Mr Brian MacMahon, a vice-chairman of the National Association of Pension Funds, the trade association of self-administered company pension schemes, and chairman of its parliamentary committee, supported the proposals on Thursday at a pensions conference in London.

However, he warned that there would need to be an adequate phase-in period for such revaluation requirements to avoid financial strain on company schemes.

At present, many company schemes relate the starting value of a pension to the employees' earnings at, or near, retirement. But practice varies considerably between schemes on subsequent pension increases.

Any guarantees of annual increases, which are usually low, may be topped by discretionary increases.

The association has urged companies to revalue pensions *to maintain as far as possible* their real value, as a matter of good practice, but until now it has opposed legislation. The change in attitude reflects the changing pension environment in the UK, as illustrated by the current Social Security Bill, which will require pensions schemes to provide LPI automatically when they are wound up.

The pensions industry has regarded it as illogical to guarantee pension increases when a scheme is wound up but not while it is functioning.

The Government has been under pressure from Labour throughout the committee stage of the bill to require company schemes to fully revalue pensions to match the prices index.

The Association of British Insurers is far more cautious about such legislation, since insured company schemes would be more affected by the cost implications than self-administered schemes.

It supports the principle of revaluing pensions, but wants it introduced *only after full* and considered consultation.

The Department of Social Security would not comment on speculation.

Britons show a love of cognac

By Philip Rawstorne

THE British drank more cognac last year than any other *nation in Europe, includ*ing France. French exports of cognac to the UK totalled 17.3m bottles, more than a quarter of sales within the European Community.

The UK consolidated its position as the third-largest market in the world, behind the US (29.2m bottles) and the fastest-growing market, Japan, where consumption increased by 44 per cent during the year to 26.6m bottles. French consumption of 10.5m bottles is down by 1.7 per cent on 1988.

Investment firms face £7.1m levy

By Eric Short

INVESTMENT firms authorised under the 1986 Financial Services Act will be required to pay £7.136m to the Investors Compensation Scheme – the first levy on firms to be made under the scheme.

The levy covers the period from August 1988, when the scheme started, to the end of the current financial year.

Compensation payments and costs relating to the failure of seven firms involving 1,500 investors will take £6.41m of the levy. The remaining £722,000 will cover the scheme's general operating costs.

The scheme is part of the financial services regulatory framework to compensate investors of liquidated investment firms. Compensation in full is provided on the first £30,000 of investment and 90 per cent on the next £20,000.

The self-regulatory organisation (SRO) responsible for a firm in trouble meets the first part of any claim. The rest of the costs above that ceiling will be shared among all SROs, including the Securities and Investments Board, the umbrella regulatory body, but excluding the Life Assurance and Unit Trust Regulatory Organisation (Lautro), which has its own compensation scheme.

Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Association) will be required to pay £3.38m, the highest levy.

Although its share of the operating costs is low, only £36,600, it is required to fund £3.29m compensation costs in respect of three of its firms which went into liquidation.

The SRO has already come under considerable criticism from its members over fees. The levy will require a firm with two registered individuals to pay £326 if it is in the lowest category or £1,101 if it is in the top category handling client money.

TSA will be required to pay £2.75m in respect of the two member firms involved in compensation and £433,000 of the operating costs.

In contrast, firms authorised directly by the SIB – the clearing banks and building societies – will be required to raise only £14,440 between them.

Quest for saving graces of keeping money in the bank

Rachel Johnson considers ways for Mr Major to encourage reluctant Britain to stop spending

The undeniable fact is that in our present circumstances it is right for spending and borrowing to be less attractive and saving to be more rewarding – Mr John Major, Chancellor of the Exchequer, January 23 1990

WITH interest rates at 15 per cent, the Chancellor has a point. Yet the personal sector chose consumption, at the expense of savings, throughout the 1980s.

Financial deregulation enticed households to borrow – mostly for houses – and the personal savings ratio collapsed. Personal savings fell from 13.5 per cent in 1980 to just 5.5 per cent of personal disposable income in the third quarter of 1989.

But before the Chancellor embarks on a course of encouragement, he has to ask whether it is sensible to dictate the need for more savings – and if it is, whether he can afford to introduce new measures in this Budget.

The UK is not the only country with a disinclination to salt it away. In the US, savings have been eroded almost as much. Some economists suggest that global bond yields are rising in tandem with falling savings ratios.

"There are not enough savings in the world to finance the boom which is taking place in capital investment, especially in Europe," says Mr Gavyn Davies, UK economist at Goldman Sachs, the US-owned investment house.

During the 1980s, there was a steep rise in debt. However, the Treasury appears satisfied with evidence that consumers are now borrowing less as a result of the credit squeeze, and the savings ratio in the UK *is expected to rise to above 5.5* per cent.

Even if it does not, the authorities are sanguine because total national savings as a percentage of gross domestic product have remained steady at 20 per cent throughout the 1980s.

Such stability exists because private corporations, and the public sector, have been offsetting the activities of the personal sector by saving more.

The Government's commitment to a debt repayment programme has meant that it has been borrowing less.

Countries with balance-of-payments deficits have an immediate dilemma, Professor Mervyn King, of the London School of Economics, argues in a pre-Budget paper.

He says: "A rise in private saving is necessary if investment is to be financed without recourse to foreign borrowing and the accompanying balance-of-payment deficits."

The macro-economic argument in favour of tax incentives to encourage savings appears to be a strong one, but as long as the level of total savings continues to hold up, there is little incentive for wholesale reform in this Budget.

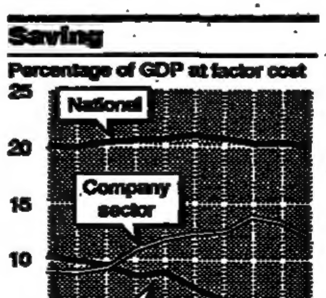
Mrs Thatcher is known to be discouraged by the evident lack of thrift in the electorate. *The City consensus, however*, is that there is little the Chancellor can do about it at the moment.

First, as he has himself pointed out, the Chancellor is starting without a clean sheet. The existing system has been played about with on many occasions in the past.

When asked about his intentions, Mr Major has cited the tax reforms of past Budgets: personal equity plans (PEPs, tax-exempt investment

Saving

Percentage of GDP at factor cost



*Average of first three quarters Source:CSO

schemes introduced in 1987, designed to encourage wider share ownership) and the independent taxation of wives, announced in the last Budget and due to come into effect this April.

Second, there may be no more room, in fiscal terms, for manoeuvre.

The signs are that this Budget will be a neutral one, in which the Chancellor neither increases nor decreases the burden of taxation. The size of the budget surplus in the first 10 months of this year, at £8.7bn, is half the size of the surplus for the same period of last year. That shrinking surplus has reduced the chances of further tax cuts.

However, a few proposals have been put forward and the Chancellor might find some of them workable, even within a tight, neutral Budget.

The Institute for Fiscal Studies (IFS) has argued for an extension of personal equity plans, which it calls the Expeps system. That would exempt all returns on savings from tax, whether they take the form of current yield, or capital gain.

The IFS plan would attack the inconsistency whereby the *most-used vehicle for savings* – bank and building society deposits – are "badly treated" by the bank system in that they are taxed at source.

Prof King of the LSE follows the same tack. Tax incentives for savings are "highly complicated and difficult to understand" and most households own negligible financial assets.

The way to increase savings, he says, is to target low-saving households with the offer of tax-free retirement accounts, in which £2,500 per fiscal year could be placed.

Prof King argues that "even after five years, the cost of raising private saving by some 20 to 30 per cent is less than the equivalent of 1 point on the rate of income tax."

The Institute of Directors argues that fiscal obstacles to saving should be removed. Inheritance tax, capital gains tax and stamp duty all combine to "overtax" the saver.

Such sweeping proposals are unlikely to move the Chancellor this year. The plight of UK borrowers and home owners has distracted attention from the question of savings – which was last year high on the pre-Budget list for reform.

Mr Giles Keating, economist at Credit Suisse First Boston, says: "Though fiscal incentives to encourage savings would be a good idea, the savings ratio *has gone out of discussion*."

Many Treasury-watchers have concluded that there will be no big changes to the taxation of personal savings. The Treasury frowns on the use of what it calls "artificial stimulants" – such as credit controls.

It is suspected, however, that there will be a "nod" towards savings, as there will be towards the environment . . . but not much more than a nod, as a result of the limitations imposed by a Budget surplus and the cost of introducing tax incentives for savers.

Treasury studies suggest that it is almost impossible to devise cost-effective schemes that encourage people to save more, rather than simply switching deposits into different savings media.

Miners' leaders call inquiry over Libya cash claim

By John Gapper, Labour Editor

NATIONAL Union of Mineworkers' leaders yesterday agreed to an independent inquiry into allegations made against Mr Arthur Scargill, the union's president, over the handling of funds during the 1984-85 pit strike.

The NUM national executive agreed to appoint a QC to head an inquiry after a five hour discussion, during which Mr Scargill and Mr Peter Heathfield, NUM general secretary, gave their version of events following allegations in the Daily Mirror newspaper and on Central Television.

Several of the 15 voting members of the executive said after the meeting that they were satisfied the inquiry would establish the truth about allegations, denied by the two men, that funds were received from Libya during the strike and partly used to pay off their personal mortgages and home loans.

Mr Scargill has denounced as "vicious lies" allegations in the Daily Mirror quoting Mr Roger Windsor, the former NUM chief executive, that £163,000 was sent by the Libyan Government during the strike and partly used to pay off home loans of Mr Scargill, Mr Heathfield and Mr Windsor.

The proposal for an inquiry was put to the meeting by Mr Scargill and Mr Heathfield. It was agreed unanimously to appoint a five man sub-committee of executive members to ask the Haldane Society, a group of Socialist lawyers, to appoint a QC to head the inquiry.

The executive deferred a decision on whether or not to back libel actions against the two media organisations. Mr Scargill said earlier this week that a decision on legal action would be left to the executive.

Mr Jack Taylor, the Yorkshire NUM president, said the form of the inquiry had been devised to ensure that it was seen to be independent "and so that people can't say that Arthur and Peter Heathfield set it up."

Mr Taylor said that the union executive was faced with a controversy that was not of its own making and it wanted to ensure that it was cleared up to the satisfaction of mineworkers.

The inquiry is likely to hear evidence in private in spite of a call from Mr Neil Kinnock, the Labour leader, earlier this week for a full public inquiry into the allegations.

Iveco Ford workers vote to strike over pay offer

By Michael Smith, Labour Correspondent

MANUAL employees of Iveco Ford, Britain's biggest truck maker, have voted by a ratio of four to one to strike over a 9.25 per cent pay offer. Their decision yesterday came just a week after the company announced three day working because of falling demand.

Union leaders will not announce the result of the ballot until next Friday because 100 postal votes from members of the EETPU electricians' union still have to be received.

However it is understood that yesterday's vote among 800 of the 1,100 manual employees at the Langley, Berks, plant showed an 82 per cent majority in favour of striking.

The vote came at the end of a week in which Ford, one of two partners in the Iveco Ford joint venture, saw the end of strikes by craft workers which have severely disrupted production at the company's wholly owned operations in the UK.

Unions will see the vote as confirmation of their assertions that workers are looking for pay settlements of at least 10 per cent to cope with financial problems caused by mortgage rate rises and the introduction of the poll tax.

Labour in review of training levy plan

By Lisa Wood, Labour Staff

THE Labour Party is considering dropping its proposal for a compulsory training levy on all employers in favour of the French model of funding in-company training.

The suggestion for a levy, called a Training Investment Contribution, was proposed in Labour's policy review as one of three funding sources — along with public expenditure and European Community funding — of a National Training Fund.

This fund was supposed to underpin a range of new programmes proposed in the Party's policy review on training. The idea of a levy on employers was formulated by Mr Michael Meacher, Labour's former employment spokesman.

Mr Tony Blair, the new shadow employment spokesman, has been giving further consideration to the training practices of Britain's competitors, as well as consulting with companies and employers' organisations.

Talks with employers have shown they are worried about the principle of a national levy, initially proposed as 0.5 per cent of a company's wage bill. The money would be collected nationally and distributed to skills organisations.

An alternative being examined is a system based on that used in France, under which companies are statutorily obliged to allocate a fixed amount towards training.

Those companies which do not meet the targets are fined that amount. In France all companies employing more than 10 people have to allocate 1.1 per cent of their wage bill towards training.

Mr Henry McLeish, Labour's spokesman on training, said the party had no dispute with employers over the objectives of improving the quality and volume of training. But employers were concerned about the bureaucracy of a training fund.

He said many were already spending large amounts on training in their own companies, but wanted "an assault on companies who are free-loaders and offer no training."

Estimates of productivity growth scaled down

By Rachel Johnson

EMPLOYMENT in Britain grew faster than expected in 1989 and the Department of Employment has been forced to scale back its its estimates for productivity growth.

Officials said the higher growth in employment last year will reduce productivity growth by up to one percentage point on the year. This means that the costs of producing Britain's output of goods and services last year are set to rise by about 10 per cent on the year.

The preliminary results of the 1989 labour market survey indicate that it is still buoyant.

On the basis of the full survey, the Department yesterday issued revised employment estimates for the year to September 1989. These showed that the workforce in employment grew by 784,000, compared with the expected 463,000. Between March 1983 and September 1989 the workforce in employment grew by 3.4m, 450,000 more than previously estimated.

The survey shows the number of people in the labour force in the spring of last year was 27.9m people, an increase of 479,000, or 1.7 per cent, on 1988.

However, the underlying rate of the decline in unemployment is slowing, according to the latest figures published yesterday by the Department.

The rate of increase in the labour force slowed to 3.5 per cent compared with 3.6 per cent in 1988. This slight fall may reflect the turndown in economic activity in 1989.

The expansion of the female labour force was an "important feature" which reflected increased willingness to recruit and retain women as well as the tightness of the labour market, according to Mr Michael Howard, the Secretary of State for Employment.

The 3.5 per cent employment rise boosted the total of people in employment to 26m in spring 1989. This rise comfortably exceeded the expansion in the labour force, with the consequence that unemployment continued to fall.

The numbers in work increased by 877,000 on the year. Unemployment rates fell for both men and women and in almost every age group.

Total unemployment stood at 2m in spring last year. This represents a fall of 398,000, or 16.8 per cent, since spring 1988. The claimant count fell 630,000 in the same period.

The revised series for September last year showed that the employed workforce has grown by 3.4m since March 1983, when the current trend began.

Solidarity as commodity: a hard line to sell

John Gapper reports on the first co-ordinated union recruitment campaign in Britain

TWO women are standing at a bus stop on a midweek afternoon in Trafford Park, Manchester. Mrs Elma Boyce and Ms Michelle Morgan are on their way home from work as catering assistants at Procter and Gamble's factory on the world's first industrial estate.

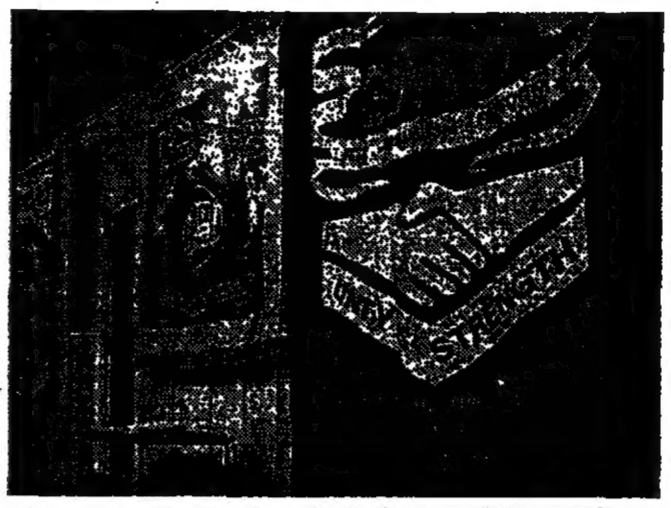
Neither is in a union. Each is therefore a target of the first co-ordinated union recruitment campaign in Britain. Although Mrs Boyce was once a union member, she cannot remember what the union was called. Nor does she think unions are for the likes of her.

"For me, it does not matter whether I join a union because I work part-time and unions are not for part-timers," says Mrs Boyce. It is not a subject Ms Morgan has considered. "I've never been in one, so I can't imagine if they are good or not," she says.

Both women are in one of the hardest group of workers for unions to recruit: women part-timers working on sub-contracts. Ms Morgan is employed by a contract caterer hired by Procter and Gamble, while Ms Boyce works for a temporary staff agency.

The difficulty of recruiting such workers is one reason why the TUC picked Trafford Park. The estate has 18,200 full-time employees, compared to only 620 part-timers. Its base of chemical, heavy engineering and food processing remains despite a post-war decline.

The Manchester area also has a strong union tradition and the resources of full-time union officials to sustain a recruitment drive. About 200 full-time officers are working for three weeks on recruiting up to 5,000 workers at 75 companies on a target list.



The message is aimed particularly at part-time workers

Linked to the recruitment drive is a publicity campaign, under the slogan Union Yes, intended to improve the image of unions.

As part of this campaign, Mr John Monks, TUC deputy general secretary, is addressing a meeting of 10 men and two women in a community centre.

Mr Monks is talking about the problems unions face in attracting loyalty from workers in companies with favourable employment conditions. He recounts how workers at J. Sainsbury, the supermarket chain, told a union official that they could see no benefit in joining.

"We need to show people that they will get a good deal from unions, like they get a good bargain at Sainsbury's or Marks and Spencer's," he says. The campaign is emphasising individual membership benefits such as health insurance, as well as pay bargaining.

The Union Yes campaign is the first time that British unions have banded together to co-ordinate recruitment efforts. It draws on techniques developed by the AFL-CIO union federation in the United States, which has used co-ordinated campaigns since 1961.

Mr Ronnie Draper, regional organiser for the Bakers, Food and Allied Workers Union is on his way to one of the five companies allocated to the union. It is a small wholesale frozen food distributor called Country Choice Foods (Northern) about which Mr Draper knows little other than its name. He says recruiting members in a company is made much easier when the employer co-operates.

It enables him to tell the workers that they will not only qualify for benefits such as automatic sickness and injury benefit, but will have wage negotiations as well.

"The hardest part is getting the agreements, not persuading the workers. We still do sell it on just the benefits if an employer won't listen to us, but it makes the job that much harder," he says.

Mr Draper spends his time driving around in search of members and deals. But with Country Choice, his approach bears no immediate fruit. A director is said to be too busy to see Mr Draper. He learns that the unit is one of seven owned by Country Choice Foods Group, based in Sevenoaks, Kent, so he departs clutching an address to which to write.

One problem in Trafford Park is the size and impermanence of companies. Three quarters employ less than 25 people, and there is a big turnover of companies. Costly recruitment efforts may be a waste of time if a company closes. Down the road, a bus owned by the GMB general union is parked outside Mattessons Wall's. The union has been recruiting at the company's Trafford Park bakery and distribution centre for two years. Stewards and officials are confident of some success.

They claim that 70 per cent of the 420 workers have joined,

prompted in part by discontent about an employee appraisal scheme and hygiene rules. However, the company says it is not aware of any grievances on these issues. Mr Gary Jones, the union's Stretford branch secretary, says all that is left is to "mop up" workers who have not joined, including the part-timers who have been "a bit distant." Proposals have been made by the union for a ballot to confirm membership claims.

Mattessons Wall's is exceptional in the size and strength of the recruitment drive. But the task is generally frustrating; searching for small companies; talking to workers and employers and hoping they will co-operate and stay. "If we don't get anything out of them, we'll be down here with leaflets and see what that does," says Mr Draper as he drives away. He is pleased with the campaign, but the hard business of selling unions in a climate of indifference remains.

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Jaws close on Mr Major

A GOVERNMENT that makes mistakes is usually a government that has run out of luck. Of the present Government's capacity to make mistakes, only the most purblind supporter can be in doubt. Its ill-luck is also increasingly obvious. Developments in the world *economy suggest that* Mr Major is more likely to be forced to raise interest rates than enjoy the opportunity to lower them.

It is always difficult to distinguish between courage and foolhardiness, but the apprehension that the poll tax would fall in the latter category has been fully justified. The Government's consolation, however slight, is the behaviour of those involved in the violent protests against the charge. Once more, Mr Kinnock must think that with ostensible friends like these, he needs no enemies.

He has Mr Nicholas Ridley, instead. In his naïve incorruptibility Mr Ridley reminds one of Don Quixote. Regardless of the political circumstances and the inevitable outrage, he concluded that no public interest is at stake if a company is bought by people condemned as liars in a report prepared for his own department. However admirable such obtuseness may be, it is more than merely politically foolish.

All this – plus howls of pain over mortgage rates and house prices, and fears of recession and inflation – Mr John Major can certainly hear. Yesterday he could even hear the denial of rumours that his neighbour had resigned. The Prime Minister's position is, as everyone knows, unassailable.

Unkind fate

Nevertheless, Mr Major must wonder what unkind fate has given him so wonderful a job at so inauspicious a time. For the time is not merely inauspicious at home; it is inauspicious abroad. World interest rates are high and will probably get higher. In such an environment, a middle-sized industrial power offering mediocre performance on inflation, increasing political risks and a need to borrow (net) an average of £1bn-1.5bn a month will find life very difficult.

Little wonder sterling lost almost 4 pfennig against the D-Mark yesterday. At 86.6 its trade-weighted effective rate is back to the low levels of the end of last year, 4 per cent below the level just before Mr Lawson's resignation and 12 per cent below its high point at the end of 1988.

Action (or rather inaction) speaks louder than words, as Mr Lawson used to say. Mr Major has made it clear that he has no desire to see interest rates any higher. Unfortunately, he may have no choice, unless he wishes even the fig-leaf of counter-inflationary policy to fall off.

Look, first, at what is happening in Germany. Even before all talk of German re-unification, the West German economy was growing rapidly and labour market pressures were correspondingly strong. True, the Bundesbank argues that core inflation is still only 2 per cent. None the less, it has felt obliged to make a number of pre-emptive increases in short term interest rates since the middle of 1988.

Crowded out

Unification increases the likelihood of higher rates of interest, both short and long term. Since the beginning of the year, interest rates on German bonds have risen by more than 1¾ percentage points. This increase is an essential part of a process that will re-absorb the West German current account surplus at home. Borrowers abroad will be crowded out of the market for surplus German savings, with profligate Britons among the first to feel the pinch.

This is only a part of the story. Inflationary presures are a worldwide concern. The public argument between the Ministry of Finance and the Bank of Japan may be unusual, but its outcome is reasonably clear, since the Bank of Japan is on the side of the markets.

Most Japanese indicators – asset prices, domestic monetary aggregates and, above all, the yen – argue for higher rates of interest and that is what the markets have been providing. The interest rate on three month bills has risen by more than half a percentage point since the beginning of the year; on bonds it has soared by a percentage point. Here, as in West Germany, the markets are leading the authorities.

In the US the situation is less clear. The dollar has been strong and the Administration almost always wants lower rates of interest. The Federal Reserve is unlikely to oblige.

So Mr Major has only one means of escape from the jaws of global interest rate increases that are closing around him. This is the traditional Keynesian solution: a tight budget, justifying an immediate lowering in both interest rates and the exchange rate. Such a policy may be a temptation, but it would be a huge mistake. A tight monetary policy and firm exchange rate are what stand between the UK and a really serious inflationary upsurge. Fiscal fiddling is no substitute. For Mr Major, the world is inescapably unkind.

Alan Friedman reports from Los Angeles on a week of deals in Hollywood

Frenzy in Tinsel Town

Deals are a dime a dozen in Hollywood and a deal – as every inhabitant of Tinsel Town knows – is only really "done" when it is signed, sealed and closed by the lawyers.

The past week, however, has been more frenzied than most for the entertainment industry.
Insiders have been speculating about two potentially important new deals, one in motion pictures and the other in recorded music. Only one has been announced: the latest plan by Mr Kirk Kerkorian, the secretive billionaire, to sell his legendary MGM/UA film and television studio.

The MGM/UA sale proposal – formally unveiled on Wednesday – follows several abortive attempts to sell the studio by Mr Kerkorian, an obsessive dealmaker. It would see MGM/UA going to Mr Giancarlo Parretti, a little-known financier from Orvieto in central Italy. Last year he bought Cannon Pictures and renamed it Pathé, after the French studio he controls. Now he has agreed to make a cash tender offer for MGM/UA stock, 82 per cent of which is controlled by Mr Kerkorian.

The purchase of MGM/UA, with its lion logo and a 1,000-title UA library that includes the James Bond, Pink Panther and Rocky series, would be quite a coup for Mr Parretti. He has received a cool reception in Hollywood, in spite of running the mandatory Rolls and living in a Beverly Hills mansion stuffed with Caravaggios, Picassos and Modiglianis.

Mr Parretti has met with much scepticism about his financial strength, partly because he has a record of announcing deals that have since fallen through. He insists, however, that he will raise the cash needed to pay a $1.26bn acquisition price and take on MGM's debt burden of $393m of debentures, plus non-interest bearing debts to suppliers estimated at a further $200m. He brushes aside talk of his past legal battles in Europe – auditing and foreign exchange cases relating to small companies he was involved with – stressing that he has been acquitted of all the charges brought against him.

Hollywood is filled with talk of another possible deal. There are negotiations well under way that could see Thorn EMI of Britain acquiring the

Investment bankers have no difficulty finding a rationale for high priced combinations in the entertainment business

Geffen Group, a 10-year-old record label with a string of hits from pop groups such as Guns n' Roses, Aerosmith, Cher and Edie Brickell and the New Bohemians.

Yesterday, these talks were still continuing, although there were rumours that Mr David Geffen might instead abandon them at the last minute, to renew his distribution deal with Time Warner's WEA.

In Hollywood, the tendency is to dwell on the particulars – and personalities – of each prospective takeover deal without a great deal of attention to industry-wide trends. But Mr Parretti's agreement to buy MGM/UA – whether it is eventually closed or not – fits into the pattern of consolidation and mergers already under way in the entertainment sector. The same is true of the potential acquisition of the Geffen label by Thorn EMI.

And one other trend stands out. In both the MGM/UA and Geffen instances, the prospective buyer is not American. Only a few months after Sony's $3.4bn purchase of Columbia Pictures – "a piece of America's soul," as Newsweek put it – it would appear that yet more foreign purchases are being planned.

Two main issues are raised by the recent and prospective deals.

- Can the fancy prices being talked about be justified by the prospective return? That question springs immediately to mind when considering Mr Parretti's tender of $20 a share for MGM/UA, in a week that saw the studio's stock begin trading at a price some $6 less than that. Similarly the price being rumoured for Geffen, some $700m, is equal to more than three times this private company's annual recorded music revenues.
- What does the parade of foreign buyers signify; and is it causing resentment in the US?

The answers are linked. Investment bankers have no difficulty finding a rationale for high priced combinations in the entertainment business. They argue that higher profits can be achieved by a company that links the production and distribution sides of the business, and undertakes longer term strategic planning.

The message, having already made converts in US financial markets, is now being exported. This week, for example, it was being discussed in Tokyo in a packed presentation given by New York investment bankers Wertheim Schroeder.

A team led by Mr Jim Harmon, chairman of Wertheim Schroeder, told a Japanese financial audience that the American entertainment business is unique in that it is a "sunk-cost" business, meaning that the cost of producing a film is a one-time charge which now averages about $23m per major feature film. Thus, it costs no more in production terms for 10m people to see that film than it does for 2m people to see it. This, in turn, means that if a company can exercise some control over its end markets, the channels of marketing and distribution – be they cinema chains, home video or television rights – it can influence the amount of final revenues, and profits, that the company takes in from that film.

As Mr Jeffrey Logsdon of the Los Angeles investment firm Crowell, Weedon, puts it, "Owning end-point distribution is to the advantage of every entertainment company."

This rationale lies behind the big media mergers of the past few years. As a result, the Warner Brothers studio now supplies cable television systems owned by its Time Warner parent; and Mr Rupert Murdoch's Twentieth Century Fox, another major Hollywood studio, provides "product" for Mr Murdock's television network.

Further evidence of the yearning for integration comes from Sony's strategic thinking. As a consumer electronics company, Sony is a hardware producer. Owning Columbia Pictures is one way for it to obtain "software," in the form of motion pictures. And this may well help Sony to increase the long-term market share of its hardware.

The prospect of Thorn EMI buying the Geffen record label also has to do with the nexus between product, distribution and market share. Last year, the UK company's US distribution business – CEMA – had 9 per cent of the North American record market; Geffen, which is now distributed by Time Warner's WEA subsidiary, would bring it another 8 per cent of the market and allow it to leap from fifth to second or third place.

For the same reasons Thorn EMI last year spent $375m buying the SBK music publishing business and 50 per cent of Chrysalis Records. Similarly, Polygram, the record distributor owned by Philips of the Netherlands, paid $300m last summer for Island Records in the US, and more recently spent $500m for A&M Records.

As the music examples show, the answer to the second question – why foreigners are bidding for Hollywood studios and record labels – is partly provided by the desire to forge stronger links between production and distribution.

Mr Parretti, for example, owns 1,000 cinemas in five European countries through his Pathé Communications. He says that by seeking to buy MGM/UA he wants to build a "bridge between the US and European entertainment markets." Indeed, Mr Parretti may seek to finance a big part of his MGM/UA acquisition cost by signing a distribution deal with Warner Brothers, which is keen to get its hands on rights to the UA library, or by selling distribution rights piecemeal to European and Japanese television companies.

A second reason for the wave of foreign puchases is that the overseas appetite for Hollywood's output is building. Mr Freddie Fields, a veteran Hollywood producer whose newest film Glory has been nominated for five Academy Awards, puts it more simply. European distributors, he says, be they cinema chains or television stations, "need enough US product to fulfil demand."

Some 38 per cent of Hollywood movie revenues now come from outside the US; on some films Europe alone accounts for as much as half of gross receipts.

Hollywood's own bosses are increasingly turning their sights abroad. They are beginning to contemplate plans for joint ventures, co-productions, distribution deals and whatever else they can cobble together outside the US market, and especially in western Europe and Japan.

The hunger for foreign ventures extends as far as eastern Europe. Mr Steve Ross, co-chairman of Time Warner, the parent of Warner Brothers, announced on Tuesday a $28m joint venture with the Soviet film industry. The plan is to build US-style giant cinema complexes in Moscow and Leningrad, complete with stereo sound, air conditioning, video game rooms and popcorn.

There will, of course, always be foreigners who are simply conned into paying premium prices for companies whose bones have already been picked over by US operators. But if foreign distribution lives up to its promise then some of the fancy prices may yet be vindicated.

The issue of resentment at a foreign "invasion" is far more emotive. A straw poll in Hollywood this week suggests that fear of the Japanese, for example, plays better among ordinary people – and in Washington – than at the top of the Hollywood power structure.

"The movie business," observes Mr Barry Diller, a veteran Hollywood studio boss who heads Rupert Murdoch's Twentieth Century Fox, "is becoming chauvinistic in its middle age. The issue of corporate ownership is irrelevant. What is important is the energy, character and entrepreneurship of the individuals who run the studio. The rest is noise."

Mr Fields, whose films include American Gigolo and Looking for Mr Goodbar, pauses to take a call at his table in the Polo Lounge before pronouncing on foreign ownership of

Hollywood's own bosses are beginning to consider co-productions and other deals outside the US market

Hollywood studios. Then, pushing away the telephone and peering through his Gucci sunglasses, he replies that he is not troubled in the least:

"Look, Sony isn't going to orientalise the movies at Columbia any more than Parretti is going to Italianise them. This is business and the infusion of new money is exciting. I don't feel any resentment and I don't think many people here do."

Crowell, Weedon's Mr Logsdon says: "Nobody in this town cares. This industry has always been on the peripheral side of the legitimate, not a strategic US sector. It's a capital-intensive business so if somebody else wants to put up money, more power to them. Wall Street isn't going to come up with more capital, nor are the banks. We're running out of big US sources of funds. Besides, they [the foreigners] will never be able to control this town." The more senior Hollywood executives appear to share this insouciance. Mr Fields shrugs once more and delivers the summary: "This is a business that needs lots of financing and that's the bottom line. As for the rest, who cares?"

MEN IN THE NEWS

Michael Cole and Paul Spicer

The first line of attack and defence

By Andrew Hill

In the history of corporate warfare, few people have been as prominent in battle and as well-provided with ammunition – from press releases and pamphlets to paperbacks and newspapers – as Paul Spicer of Lonrho and House of Fraser's Michael Cole.

As front-men in the acrimonious battle waged over ownership of the department store chain they can claim a rank and importance most press spokesmen would envy: both men are directors of their companies.

A glance at the press cuttings is enough to gauge the significance of their roles. At events like this week's publication of the damning Department of Trade and Industry report on the Fayed brothers' ownership of the House of Fraser they are frequently the surrogates of their well-known bosses. Omnipresent when Mr Roland "Tiny" Rowland and Mr Mohamed Fayed are absent, they are eloquent when their leaders are silent.

Paul Spicer is the more experienced of the two. He says he acts a spokesman merely as a sideline, and has "responsibilities for businesses all over the world." By contrast, he says, Michael Cole is simply a *porte-parole*.

In public, Mr Spicer often defers, as this week, to that consummate practitioner of polished PR, Sir Edward du Cann, the Lonrho chairman. But behind the scenes he and his colleagues are tireless.

An Old Etonian and keen fox-hunter, now 62, Mr Spicer joined Lonrho in 1970 after 21 years at Shell, and moved up to the directors' table in the aftermath of boardroom strife at the international conglomerate in the middle of that decade.

By turns abrasive and charming, he is one of a group of Lonrho directors who step forward as spokesmen. Accountant Terry Robinson has been the other director in the forefront of the House of Fraser affair. He and Mr Spicer acted as the alternates for Mr Rowland and Lord Duncan-Sandys (Sir Edward's predecessor as Lonrho chairman) when they sat on the board of House of Fraser before 1984.

Fiercely protective and loyal to Mr Rowland, Mr Spicer's ability as commander of the first line of defence against probing press inquiries has never been in doubt, although it has often irritated reporters.

As one former Lonrho man says: "Tiny likes to be secretive; he uses Spicer as a kind of wall behind which nobody can get. But I don't think Spicer is regarded as a heavyweight director on policy."

Others say he is shrewd. Mr Spicer himself is modest: "I'm not in the limelight – all I've done is a job," he says, "and I always ask other people to take a hand."

Michael Cole joined House of Fraser as media director in October 1988. He is best-known, to his great regret, for resigning as the BBC's court correspondent two years ago after a newspaper story based on Mr Cole's private comments about the contents of the Queen's 1987 Christmas speech.

But the court correspondent role, the slightly effete manner (former colleagues say even as a young journalist he had a tendency to address everyone as "dear boy"), the bouffant auburn hair and well-cut suits, all belie the facts of Michael Cole's 20-year television career and his upbringing – by contrast with Mr Spicer – as the son of a cockney taxi-driver.

His time at the BBC was peppered with some particularly gritty foreign assignments in more than 100 countries. He came under fire in the Middle East and was beaten up in Northern Ireland, and won two Royal Television Society awards.

This week has seen Mr Cole back in the front-line. At Wednesday's Harrods press conference, the journalists expecting to grill Mr Mohamed Fayed on the DTI report got Michael Cole instead, reading his own script to camera as in the good old days. Unlike Mr Spicer, the former BBC man clearly nurses a residual yearning for the limelight.

"There's a man who knows his sound-bites", remarked one TV professional when the 10-second clip duly appeared on Wednesday's evening news.

Mr Cole does not seem sensitive to accusations that by leaving the BBC nine months after his resignation as court correspondent and becoming PR to the court of the Fayeds he "sold out." As if to counter the charge, he points out that the litigious Fayeds have issued no writs against journalists since he joined House of Fraser. Mr Cole prefers to talk to his friends and acquaintances on the other side of the PR fence.

Former colleagues say he enjoys the good life and that this may have been one reason why he eventually accepted the House of Fraser job, having turned it down twice during his last months at the BBC. Now 47, perhaps he wanted to spend more time with his wife and daughter.

Certainly, if commitment to the cause is the mark of a good company spokesman then neither Mr Cole nor Mr Spicer can be faulted. As the latter puts it: "I was born again when I joined Lonrho. Shell was a wonderful place for learning about management, but Lonrho taught me about business."

On the other side, Mr Cole is passionate in his defence of the Fayeds, accused by the DTI inspectors this week of telling repeated lies in the build-up to the House of Fraser takeover.

Mr Cole says he decided against Lonrho well before joining the group's arch-rivals. He came across the international conglomerate in Africa and while he was covering the early stages of the House of Fraser takeover as the BBC's Scotland correspondent seven years ago.

The continuing dispute with Lonrho now takes up no more than 5 per cent of his time, says Mr Cole. There is no doubt about his allegiance: the Fayeds are "men of tremendous vision, genius and drive."

Puzzling out a single Germany

David Marsh and David Goodhart answer questions on the timing and nature of reunification

German unity is a goal long championed by the Germans and their western allies. Yet the prospect of its actually happening is distinctly unnerving.

By confirming the provisional nature of 40 years of post-war European history, it confronts Germany's neighbours with some uncomfortable political and economic realities.

Within the two Germanys, uncertainties about the new order are compounded by a welter of fact, distortion and manipulation accompanying election campaigns in both states. To help you through the maze, here are answers to some of the most important questions.

When will unity take place?

In binding form, probably in 1991 – about five years earlier than was thought possible by Chancellor Helmut Kohl's closest advisers at the end of last year. Harmonisation of the two states' economic, social security and legal systems – including the introduction of the D-Mark as the East German currency – will come sooner, but the date and conditions will depend on complex negotiations between Bonn and East Berlin after the March 18 East German election.

Who has to agree to it?

Not just the German people. Legally, the four victor powers of the Second World War – the US, Soviet Union, Britain and France – still hold the key. The two German states will also be sitting down at the negotiating table.

The first formal talks of the "2 plus 4 group" take place on March 14 in Bonn. But German unification cannot be agreed without a formula which maintains the European security interests of both Washington and Moscow.

A "2 plus 4" agreement will be put to a meeting at the end of the year of the 35 signatory states of the Conference on Security and Co-operation in Europe. This could bring further snags.

Where will be the capital?

Eventually, Berlin. For an interim period, a half-way house solution is possible, with Bonn and Berlin sharing functions, but this is not tenable long-term. Bonn however benefits from the advantage of having been capital of a democratic Germany for 40 years – three times longer than Berlin was during the 14-year Weimar Republic which ended in 1933.

Will Germany have a new constitution?

A united German constitution will be modelled clearly on West Germany's provisional constitution – the 1949 Basic Law. A strong body of opinion favours a new constitution to be worked out by both states as a sign that East Germany is not being "annexed" unilaterally. A lot depends on whether the March 18 East German elections produce a stable government. Roughly 40 parties will be participating, with a proportional representation election system. If a political vacuum arises there may be a move for East Germany to accede directly to the Federal Republic, which would avoid the need for a new constitution.

Will Germany be the dominant power in Europe?

Yes. The Soviet Union will remain the main military power. But – assuming Europe remains at peace – in terms of economics, technology and even culture, Germany's influence will be stronger. There will not be a "Fourth Reich." In 1970, West Germany accounted for 26.4 per cent of European Community gross national product (based on the present 12 members). In 1989, the figure was 24.7 per cent. Adding East Germany (which has a GNP about one-eighth of the Federal Republic's) will bring the German share of EC GNP to 27.8 per cent.

What will unity cost?

Net costs for West Germany are most reliably estimated at between DM 20bn (£7.1bn) and DM 30bn a year initially, but falling quickly to less than DM 10bn. The gross burden on public spending is estimated at anything between DM 100bn and DM 800bn over the next 10 years, with the highest estimates coming from outside Germany.

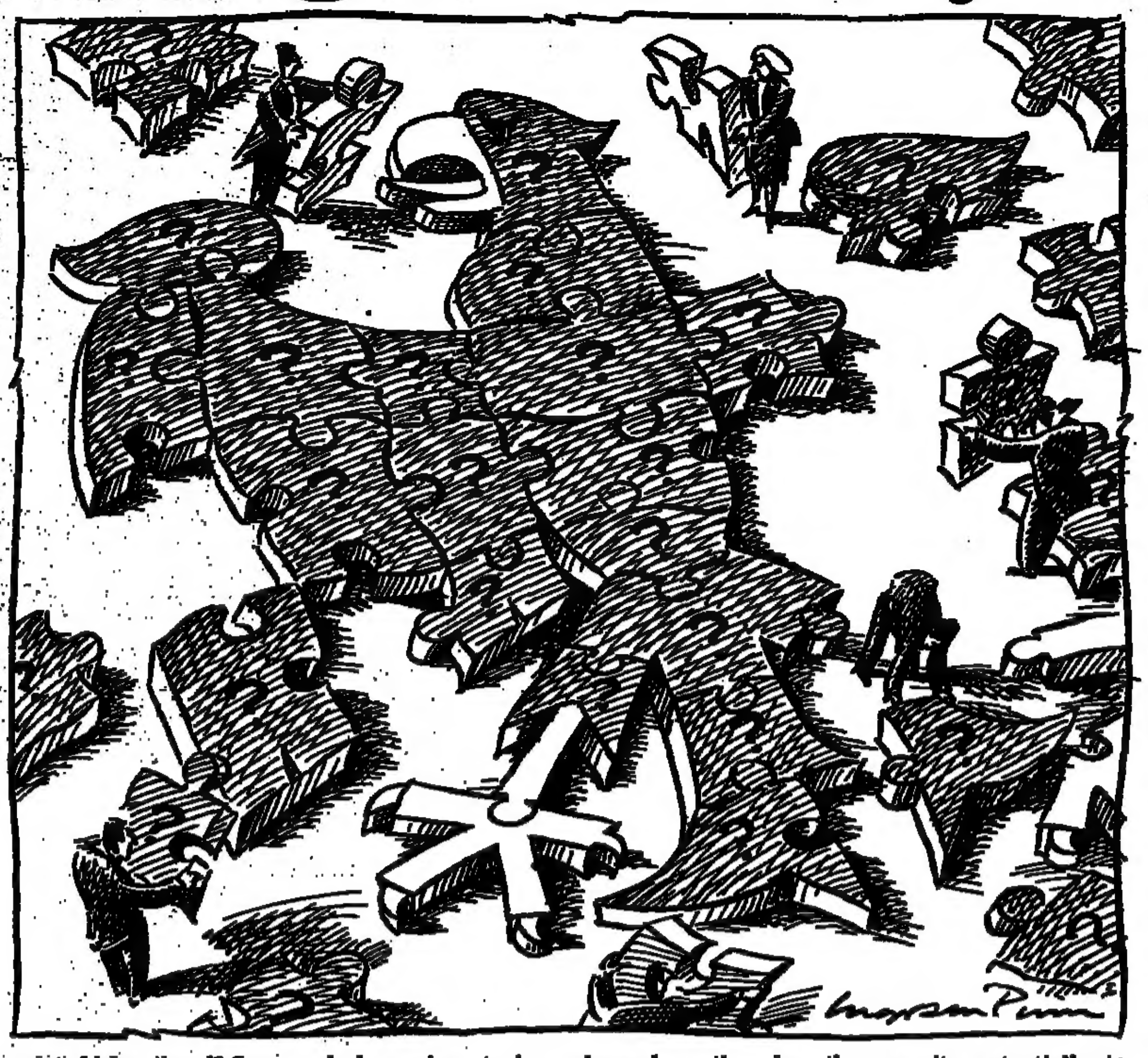
The Government will support East Germany in three main areas: infrastructure, pensions and unemployment benefit. Dresdner Bank estimates that unemployment in East Germany will quickly rise to 20 per cent, costing DM15bn a year in benefit.

This is rejected as too pessimistic by the Bonn Labour Ministry. The Ministry wants to raise pensions and unemployment benefit to about 70 per cent of East German income levels, so total costs will be dependent on what happens to wages – which are likely to remain well below West German levels.

There will be offsetting savings; the Bonn Finance Ministry calculates the cost of division at DM40bn a year.

Will inflation and interest rates in Europe be higher because of German unity?

Yes. The uncertainties have already pushed up West German bond yields by more than a percentage point this year. This reflects worries that economic reunification will boost inflation, and also about competition to raise funds on the capital markets. Although some of these fears may be exaggerated, the D-Mark, Europe's pivotal currency now carries a risk premium. In other countries, this has already led to upward pressure on interest rates. These may therefore over the medium term be 1 or 2 percentage points higher than if Germany had remained partitioned.



What will be the D-Mark conversion rate?

The basic formula will be one D-Mark per East German mark, compared with the unofficial exchange rate of about 5 or 6 to 1 – but there will be a hidden catch in the details. East German money supply is about 16 per cent of West Germany's, so full conversion of 160bn East German marks of East German savings deposits would have a clear inflationary impact. The Bundesbank is likely to allow initially only limited amounts of savings to be exchanged, so the overall conversion rate will be a lot less generous.

Bringing in the D-Mark will also provide a powerful stimulus for East German companies to improve productivity. If they pay D-Mark wages but keep working practices and machinery unchanged, their products will be priced out of business, and they will quickly fall victim to competition from much more efficient West German companies.

Will there be equal partnership between East and West Germany?

No. West Germany, with a net foreign credit position of DM500bn, has the capacity potentially to finance an East German economic miracle. But the likelihood that unemployment, rents, prices and social disruption will all increase in East Germany will make unification increasingly unpopular. The daily 2,000-odd East German émigrés still fleeing to the West are now no longer trying to flee dictatorship; they are seeking to avoid the sweat of five to 10 years work to catch up with West German living standards.

Will other EC countries have to carry some of the costs of unity?

Yes. Mr Martin Bangemann, the vice-president of the Commission and the most senior German in Brussels, estimates that 20 per cent of the cost of unity will be carried by the EC mainly through new subsidies and regional aid to East Germany. But East Germany already has a GNP per head higher than Greece, Ireland, Spain and Portugal, so the cash demand will not be enormous. One German official has estimated that while East Germany is being integrated Germany as a whole will cease being a net contributor to the EC (currently about DM 12bn per year) and instead its payments and receipts will balance.

Will Germany demand more power in the EC?

Probably not, at least initially. Mr Bangemann says that Germany will not "flex its muscles" in the EC institutions and will not ask for another Commissioner, more votes in the Council of Ministers, or even more seats in the European Parliament. But unobtrusively German influence will increase.

What will happen to Poland?

Poland's post-war western boundary (established by annexation in 1945) is likely to be recognised in terms of international law by a joint German government.

How will Germany change?

Population will be around 78.5m (62.5m from West Germany, 16m East Germans). Initially, the left will probably profit, because of traditional Social Democrat leanings of much of the East German population. This is worrying Mr Kohl and his Christian Democrat party. Although the Chancellor is straining to turn the collapse of East Germany to his benefit, the result, conceivably, could be that the Chancellor of a united Germany will be maverick Mr Oskar Lafontaine, the Social Democrat candidate in the December West German elections.

Protestant influence will increase. A total of 39 per cent of East Germans are nominally members of the Protestant Church, against 6 per cent who are Catholics. (In the Federal Republic, Protestants and Catholics each represent slightly more than 40 per cent of the population).

Because of the difficulty of welding together two states with strong human common ground but large economic disparities, a united Germany will be a more polarised, disharmonious, and unstable place than the Federal Republic – but, possibly, more interesting.

Is reunification popular?

East Germans mostly seem to want it – but are anxious about the consequences. There are similar feelings in the Federal Republic. According to the latest opinion poll, published on Thursday in the weekly Die Zeit, 69 per cent of West Germans are for reunification and only 11 per cent against – a breakdown which has remained roughly constant for several years. A significantly higher number of younger people have reservations, with 17 per cent of 16 to 29 year olds saying they oppose it. In view of speculation about Bonn needing to raise taxes to pay for unity, 51 per cent said their readiness for sacrifices was very limited. Only 24 per cent said they would be willing to shoulder considerable burdens to achieve a unified state.

Will a united Germany sweep all the Olympic Medals?

That depends on the Russians. East German performers won 37 golds in Seoul in 1988, second behind the Soviet Union with 55. (West Germany came fifth with 11; the combined EC won 34). With financial rewards, privileges and hormones for East German sports stars likely to be phased out, they will become less high-flying. A further consolation: East Germany is not very good at football.

What about Nato and the Warsaw Pact?

A united Germany is highly likely to be a member of Nato. But Nato will have to become a more political institution (fewer soldiers, missiles and tanks). In 10 years time, Nato may disappear altogether; the Warsaw Pact, probably, a lot sooner. Special status will be worked out for East Germany. Complete demilitarisation is unlikely, as both the Soviet Union and the US want to keep some troops in Germany. At present, there are 1.4m soldiers and air force personnel (the two German armies, plus allies) on German soil – twice the armed force density of 1938. This figure will fall drastically in the next decade – but the foreign armies will remain, at least for several years, after unification.

Will unity encourage further dismemberment of the Soviet empire?

Self-determination could encourage further nationalist secession from the Soviet Union. Mikhail Gorbachev – who in October 1988 said that "any attempt to erase the border between the two German states would be unacceptable, if not catastrophic" – is desperately hoping that the possible economic gains a united Germany may bring for Moscow will outweigh the disadvantages.

Will the Germans now forget about Hitler?

No, but if the Führer's monument – the division of Germany – disappears, his memory may be less ubiquitous. In East German schools, reunification may actually encourage greater emphasis on teaching Third Reich history, as pupils will have to learn that not all East Germans were in the resistance.

Will we all have to learn German?

Noch nicht obligatorisch . . . aber durchaus ratsam.

LETTERS

Britain's skill shortages: the need for better pay and training

From Mr John Lyons.

Sir, James Murphy (Letters, March 3) says educational standards are rising and have done for the last 15 years. He may be right, but the problem facing British industry is not low standards – a British degree remains highly regarded internationally – but of crippling shortages in the supply of young people with technical and engineering qualifications.

My own association has recently published a study of engineering skill shortages (An Engineering Vacuum: How a shortage of engineers and technicians is crippling British industry) which documents the serious effects of the shortage of professional engineers on manufacturing industry.

In February 1989 the Engineering Employers' Federation estimated that some 5,000 engineering firms were experiencing shortages of skilled staff which prevented them from developing new products or raising output to meet increased demand. The most critical shortage identified was of professional engineers.

Moreover, at a time when demand for engineers is rising, the number of applicants for engineering courses at universities and polytechnics is falling. Indeed, the number of applicants for engineering and technology courses fell by more than 30 per cent between 1982 and 1988. During the same period applicants for other university courses remained relatively stable. By 1988 applicants for engineering courses had fallen to only 9 per cent of all university course applicants. Our output of qualified professional engineers is now only two thirds that of the US or West Germany, and only half that of Japan.

No one is trying to make the educational system a scapegoat for these problems. They reflect a complex interaction of many factors – not least the anti-manufacturing tradition in our culture. My association has always been convinced, however, that until engineers are properly rewarded with good career prospects, as they are in many competitor countries, the problem will remain unsolved.

John Lyons,
General Secretary,
Engineers' and Managers' Association,
Station House,
Fox Lane North,
Chertsey, Surrey

From Mr George Wright.

Sir, Lisa Wood ("Taking credit for training the school-leaver," March 2) says the idea of giving credits to school-leavers for vocational training was "first suggested by the CBI last year" – implying the CBI conceived the idea.

In 1977 the Wales TUC, where I was general secretary at the time, published a paper, Into Work. This proposed giving six "into work" credits to all school-leavers. We envisaged that each credit would be used for a six-month module of education and vocational training. School-leavers would be free to choose whether to sample a range of industries and services, or to concentrate their credits in one particular company or sector.

We also suggested that such a credit-based scheme could be extended to allow school-leavers to use some of their credits to gain modular training and work experience in other European Community countries.

What a pity this particular aspect was not seized upon. British industry would have had a flow of youngsters with language skills and European work experience. Let us hope the present debate and the CBI's belated conversion to the cause of proper training for our young people is more successful in revitalising our sadly depleted training efforts.

George Wright,
Regional Secretary for Wales,
Transport & General Workers' Union,
Transport House,
1 Cathedral Road,
Cardiff

Speedier share settlement

From Mr Matthew N. Orr.

Sir, We are all well aware of the procrastination that has taken place over the specifications and timetable for the introduction of Taurus.

Following the excellent precedent set by Abbey National and the various water authorities, should not all companies seek permission to print a Talisman transfer deed on the reverse of all share certificates? The effect should be pronounced in terms of cost savings to brokers and would make settling on the correct date more achievable.

Matthew N. Orr,
Kitkit & Co.,
45 Cadogan Street, SW3

Why Canadians say their forest is forever

From Mr Donald S. Macdonald.

Sir, Robert Taylor and his Swedish forest industry sources are barking up the wrong trees. He is wrong to suggest ("Sweden tends its man-made forests," March 7) that only Sweden and Finland practise responsible forest management by planting more trees than they cut down.

Canada is at the forefront of forestry management and conservation to ensure that our forests will provide an expanding resource for the benefit of future generations. Since the article appeared, contacts in the Swedish industry have told us they regret its references to Canada.

In 1988 over 800m seedlings were planted across Canada. This figure will soon be 1bn annually. Both figures are far in excess of the number of trees harvested.

Canadian forests are managed on the principle of sustained yield so that the annual harvest does not exceed the annual growth of wood fibre. British Columbia, home of Canada's biggest forest industry, stands out; 200m trees were planted there last year, at a rate of more than seven a second, and only 80m harvested. The annual harvest from publicly owned lands in British Columbia is 75m cubic metres – less than 1 per cent of the province's total timber inventory of 9,000m cubic metres. This rate compares favourably with that of other producing countries.

In addition, the Canadian forestry industry is committed to high quality as well as quantity. The pursuit of the superior tree continues in industry and government laboratories, nurseries and sample plots across the country where advanced technologies are applied to developing trees that are faster growing, more resistant to insect infestation and disease, and yield better quality fibre.

Canada respects the value of prudent conservation to ensure its natural riches. The forest, as Canadians say, is forever.

Donald S. Macdonald,
Canadian High Commissioner,
Macdonald House,
1 Grosvenor Square, W1

A matter of background

From Mr Michael Goldman.

Sir, The reason why so few alcoholic American writers were Jewish ("An American litany of literary binges," Weekend FT March 3) is surely not that Jewish writers would have encountered wine in the home, but that their home background would simply have been inimical to excessive drinking.

The antipathy of Jews of eastern European origin, that is most American Jews, to heavy drinking probably derives from the age-old association of pogroms with drunken mobs.

Michael Goldman,
1 Lyndale Close, SE3

The financing of local government: taxation and safeguards for independence

From Mr Derek Antrobus.

Sir, Joe Rogaly is right to say that the Labour Party is evolving a better proposal for local government finance than the poll tax (Revenge of the local councillors, February 23), but one wonders whether the imposition of a national policy on taxation for local government is in accord with the argument he puts forward for greater local autonomy.

Surely the central argument for a greater degree of autonomy for local authorities is that they are more responsive to their local communities. Each community will have its own strengths and weaknesses. Local authorities should have the opportunity to take these into account when determining how to raise revenue. They should be given the power to levy such local taxes as best suit their localities.

It will be argued that irresponsible local authorities will penalise retail and other businesses and make them uncompetitive. But councils are subject to a series of disciplines:

- First, they are accountable to local electorates who have an interest in direct local taxes for their own sake and in indirect taxes because of their effect on employment and prices.
- Second, there is the self-interest of securing a buoyant tax base. Local authorities will not kill the goose that lays the golden egg.
- Third, local authorities will be in competition with each other to secure investment and to attract population.

It does, however, have to be recognised that a degree of core funding by central government is essential and correct. Where local authorities provide services on behalf of central government, they must be reimbursed for such services. Where local authorities want to enhance or provide different services, they should pay by levying local taxes.

Constitutional safeguards are needed to preserve the independence of local authorities. A first step might be for the British Government to endorse the United Nations Universal Declaration on Local Self-Government and to introduce its concepts in British Law.

Consideration should also be given to safeguarding local government by political representation at the centre. In France and Germany, local authorities form the electoral colleges for membership of the second chambers of their parliaments. Such a system in Britain might stabilise the central-local relationship.

Rather than reacting to the poll tax by handing down from high its own solution to local government finance, the Labour Party's leadership should commit itself to a thorough examination of the constitutional and fiscal relationship between central and local government. Only then will it be able to say that it has an alternative policy on local government rather than a new way of controlling local government.

Derek Antrobus,
191 Manchester Road,
Swinton, Manchester

UK COMPANY NEWS

When the cocoa market collapsed diversification failed to deliver

Andrew Gowers looks at the colourful career of Ephraim Margulies, the former chairman who stamped his mark on S&W Berisford

SEVERAL YEARS ago, Mr Ephraim Margulies was addressing a meeting of brokers' analysts about the results of his company, then called S&W Berisford.

After his distinctly perfunctory presentation, one of those present asked him to comment on the turbulent state of the cocoa market, one of the mainstays of Berisford International's trading operations. With a frown, he turned to the hapless analyst and barked: "Mind your own business. Next question?"

That exchange typefied the business style of the man who stunned the City yesterday by resigning as chairman of Berisford International. For the best part of two decades, the name of Mr Margulies – or "Marg" as he is known to friend and foe alike – has been synonymous with that of Berisford.

He was at the helm during the company's roller-coaster ride in the buoyant commodity markets of the 1970s. He presided over its subsequent misadventures into other businesses in the name of diversification. Through it all, he has stamped the company with his own highly personal – many would say autocratic – management methods. It is therefore scarcely surprising that, as criticism of the company has mounted, the fire has been directed at Mr Margulies.

Yesterday's resignation may have come suddenly, but it was the culmination of a string of disasters stretching back to the early 1980s, including ill-considered industrial investments, collapses in the commodity markets and dealings on the murkier side of the City of London. Mr Margulies's story is a cautionary tale of the pitfalls that can face a trader who seeks to broaden his horizons without changing his style.

Trading was always what Mr Margulies did best. The son of poor Jewish immigrants from Poland, he started trading in groceries while still at school in London's East End. In the 1960s he developed a reputation as a cocoa dealer, building up his company, JH Rayner (Mincing Lane) from humble origins until it was absorbed at the end of the decade by S&W Berisford, until then a sleepy food and sugar merchant.

A squat, normally soft-spoken man with a fierce temper, he was never happier than when *sitting in front of a battery* of computer screens, pressing a telephone to each ear, and shouting instructions into a squawk box. In the 1970s – boom time in commodities – his skill at second-guessing the fickle international cocoa market became as legendary as Berisford's earnings were impressive. On the back of compound annual profit growth of 35 per cent, Mr Margulies built a sprawling collection of small and medium-sized trading companies, at one point numbering well over 200.

But it was when the commodity markets ran out of steam in the early 1980s that the seeds of Berisford's and Mr Margulies's troubles were sown. Looking for new sources of profits, the company ventured abroad and into industry. Since then, the news has scarcely been anything other than bad. The disasters include:

- Ill-timed investment in a US steel trading company, Erlanger Tubular Works, resulting in hefty trading losses in 1982-83 and subsequent inventory write-downs.
- An unanticipated escalation in the cost of Berisford's purchase of British Sugar Corporation, which was delayed by a Monopolies and Mergers Commission Inquiry; and subsequent misjudgement of the UK sugar market.
- The collapse of the world tin market in 1985 following the International Tin Council's default. Rayner, still part of Mr Margulies's empire, was left heavily exposed.
- Problem investments in the US, notably a failed jewellery business in New York.
- The Guinness affair. The current trial at Southwark Crown Court has been told that Mr Margulies was paid millions of pounds by Guinness in exchange for his support during Guinness's takeover bid for Distillers, although Mr Margulies himself is not among those charged.

Mr Margulies's handling of the Guinness allegations is typical of the man. He has simply kept his own counsel.

It was ever thus in his dealings with the City. During the first half of the 1980s, Berisford's accounts were notorious for their opacity.

Mr Margulies, an intensely private individual, was capable of considerable personal warmth – greeting visitors to his dingy office with an arm around the shoulder. He has spent much of his fortune on unpublicised charitable activities in the Jewish community and on donations to Israel.

But he reacted to any hint of criticism with fearsome sensitivity. He would not, say those who have been close to him, brook challenges to his authority, and tended to surround himself with a coterie of yes-men and cronies. Members of the inner core of Berisford directors have long been richly rewarded for their loyalty with an extremely generous profit sharing scheme.

The company's management was a logical extension of this prickly personality. As a former colleague of Mr Margulies said: "The question arose of *how to man*age such a diversity of profit centres. Berisford failed to develop a proper management structure."

"Marg" was never comfortable with City scrutiny and used to cherish the idea of taking his commodity trading businesses private again. Now, with British Sugar on its own worth more than the sum of the Berisford group, he has been finally overtaken by events. Even if the company retains a modicum of independence it will never be the same without this colourful if anachronistic figure at the helm.

B&C sells Gartmore to Indosuez

By David Owen in London **and George Graham** in Paris

BANQUE INDOSUEZ, the ninth largest French bank, yesterday moved purposefully into the UK fund management sector by buying Gartmore Investment Management from British & Commonwealth Holdings for £154.8m in cash.

The deal ties in with the bank's designation of asset management and consultancy services as a "priority growth area" and will serve to reduce B&C's heavy debt. "This deal is incredibly important to *B&C", said Mr John Gunn*, chairman. "This is a major, major transaction."

The sale, which lifts to some £300m the amount raised by the group since November, should enable it to realise interest savings of more than £20m.

The effect on the balance sheet, furthermore, should be enhanced considerably by the fact that the book value of Gartmore, which ranks 11th among UK pension managers and is the 13th largest unit trust group, is around £20m. "The swing on the balance sheet will approximate to £260m", according to one individual close to the deal.

B&C will remain in investment management through US-based Oppenheimer Management and Stock Group in the UK. "We are still majoring in fund management", said Mr Gunn. "We are now free to develop Oppenheimer on an international basis."

Mr Gunn described Gartmore as a "very good" company that could best be developed with the help of the sort of distribution network that Indosuez could provide.

Included in the transaction is B&C's 37.9 per cent holding in London & Strathclyde Trust, for which an estimated £14.8m of the overall price is earmarked. The precise figure will correspond with 95 per cent of the net asset value of B&C's stake seven days prior to closing, which is expected to take place within a month.

Of the £140m paid for Gartmore, £12.3m will go to the company's management having subscribed £4.2m upon the full exercise of Gartmore options in their possession.

Mr Bernard Simon-Barboux, Indosuez deputy managing director, said that the acquisition would reinforce his group's presence in London, where it had been seeking to expand. Last year, the bank was the unsuccessful suitor for Morgan *Grenfell, the mer*chant bank which was finally taken over by Deutsche Bank.

Mr Simon-Barboux added that Gartmore would enhance Indosuez's skills in both UK fund management and asset allocation where the reputation of British managers is particularly strong.

He singled out Gartmore's pension fund management division, headed by Mr David Watts, which he said was acquiring new clients at a rate of £700m to £1bn a year. The unit has £4.4bn under management and is the most profitable of Gartmore's activities.

Indosuez would contribute its worldwide distribution capacity in 65 countries, its fund management expertise in the Far East and continental Europe, and the security of a stable parent group, he said.

It will seek progressively to place the L&S holding, bought as a condition of the sale, with other friendly investors.

At the end of 1989, the bank had $12.8bn (£7.9bn) under management, including $1.5bn managed by Daniel Breen, a US investment adviser in which it bought a 40 per cent stake last year.

The acquisition of Gartmore will add some £8.7bn to this total. In the year to December 31, Gartmore's pre-tax profit on ordinary activities was £6.2m. Net assets at that date were £17.7m, as adjusted to reflect a dividend and recapitalisation to be effected prior to completion.

Saatchi brothers' £3m entitlement

By Alice Rawsthorn

THE SAATCHI brothers – Charles and Maurice – would each be entitled to receive more than £3m if they left Saatchi & Saatchi, the troubled communications group they *founded 20 years ago.*

Saatchi is now preparing for its annual general meeting in London on Tuesday.

A group of rebellious shareholders – led by Mr Joseph Marciano, a French financial analyst – are threatening to criticise the board for its management of the company at the meeting.

In recent weeks Saatchi – which fell into an attributable loss last year – has been haunted by stock market *rumours of a power struggle* between the brothers and Mr Robert Louis-Dreyfus, the French industrialist they appointed as chief executive last autumn. Saatchi has denied the rumours.

Under the terms of their service agreements, both the Saatchi brothers must be given five years notice if their *employment is terminated.*

This means that Mr Maurice Saatchi, who is paid £625,000 as chairman, would receive £3.12m, if he left the group. Mr Charles Saatchi, who earns the same salary as a director, would be entitled to the same sum.

The brothers' service agreements were originally signed on March 25 1986. Under the original agreement the Saatchis were each paid £225,000 a year. Their salaries were increased to £625,000 on October 1 1987. This increase later attracted criticism in the City.

The new chief executive, Mr Louis-Dreyfus, is paid £500,000 a year under the terms of his agreement. His contract – which was signed on December 5 1989 nearly two months after his appointment was *announced – runs from* December 1 1989 to May 31 1992.

Mr Louis-Dreyfus can subscribe for share options worth £2m under Saatchi's share option scheme. If the performance target is achieved he is entitled to another £2m of options. He is also entitled to an initial bonus payment of £500,000, conditional on Saatchi achieving a performance target for the present financial year to September 30.

Saatchi has agreed to provide two cars for Mr Louis-Dreyfus and an appartment in the WI area of London, where its headquarters are located. It pays for the running of the appartment including the gas and electricity bills.

Mr Louis-Dreyfus is entitled to terminate his contract with 30 days notice and to receive a lump sum of £1m under certain conditions. These include the appointment of another chief executive without his consent; a "significant reduction" in his powers; or a change in the control of Saatchi, by acquisition or merger.

There are also special provisions in the contract enabling Mr Louis-Dreyfus to leave Saatchi should he be offered the presidency of SA Louis Dreyfus, his family company.

- Saatchi has appointed GRC Financial, one of its subsidiaries, to act as its corporate public relations consultancy alongside Broad Street Associates, its long-standing advisers.

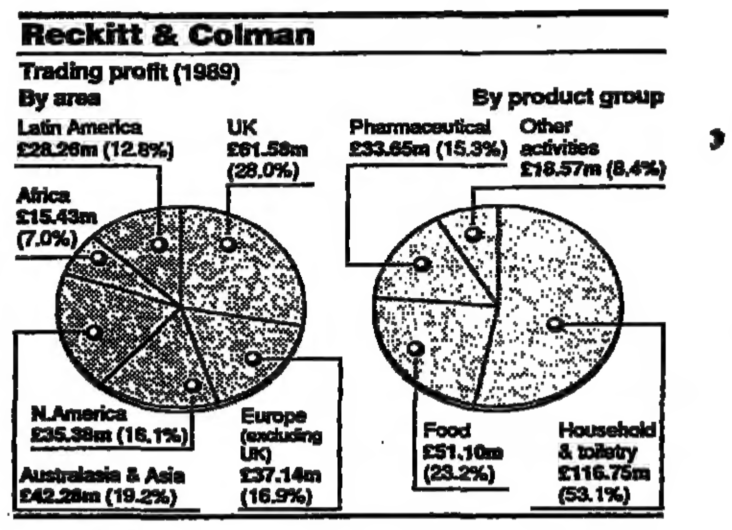
Reckitt & Colman advances 14% in spite of US downturn

By Clay Harris, Consumer Industries Editor

RECKITT & COLMAN, the household products, food and drugs group, increased pre-tax profits by 13.7 per cent from £191.3m to £217.4m in the year to December 30, in spite of a 23 per cent fall in trading profits from North America.

Mr John St Lawrence, chief executive, said the US result had been depressed by heavy promotional spending on Crystalaire, a new non-aerosol air freshener, and by tough competition for its Durkee spices.

Trading profits also slipped in Africa, but grew in all other areas. The overall rise from £197.9m to £220.1m lagged behind a 12.3 per cent advance in sales to £1.57bn (£1.39bn), but net interest payments fell from £6.58m to £2.67m.



In household and toiletry products, which accounts for more than half of sales and profits, Harpic added to its UK market share in lavatory cleaners.

Pharmaceuticals, the smallest of Reckitt's three core businesses, benefited in the UK from the flu epidemic near the end of the year.

Reckitt, which carries acquired brands worth £150m in its balance sheet and expects to add another £450m through yesterday's Boyle-Midway acquisition, said it would vigorously oppose the Accounting Standards Committee's proposals that such valuations be written off against profits over 20 years.

A lower tax charge helped earnings per share grow by 16.4 per cent to 94.17p (80.89p). A final dividend of 19.1p raises the total by 16.7 per cent to 29.75p (25.5p).

Most of an extraordinary debit of £17.05m (£7.74m credit) reflected spending related to restructuring manufacturing facilities for Europe-wide supply.

- Standard & Poor's, the credit rating agency, yesterday placed Reckitt & Colman's eurocommercial commmerical paper programmes, currently with "A-1+" ratings, on Creditwatch for a possible downgrading. It will meet management to discuss the implications of the acquisition.

Panel bars hostile Ricardo bid

By Nikki Tait

THE TAKEOVER Panel yesterday effectively barred First Technology, the safety and sensors group, from making a hostile bid for Ricardo, the Sussex-based engines and transmissions designer, for three months.

As a result, Ricardo shareholders will consider their company's proposed all-share bid for SAC International, a Bristol-based engineering services group on Monday, knowing that there is no immediate chance of an offer from First Technology for Ricardo. The SAC-Ricardo merger is recommended by both companies' boards.

Earlier this week, First Technology - which is opposed to the SAC deal - muddied the waters by offering to make a 180p-a-share bid for Ricardo if directors would recommend this. That bought a sharp rebuff from Ricardo, but First Technology said it would repeat the proposal if shareholders turned down the SAC deal on Monday.

Again, Ricardo confirmed that, under these hypothetical circumstances, it would not recommend. It complained to the Panel, saying that First Technology should clarify whether it was prepared to go ahead on a hostile basis. The Panel executive supported Ricardo's case, and yesterday, in the wake of an appeal by First Technology, the full Panel upheld this decision.

First Technology was given until 4pm to state the terms of any unilateral offer, and when silence ensued, the Panel's sanction barring a unilateral bid for three months came into force.

Last night, neither First Technology nor Ricardo would be drawn on their expectations over Monday's meeting, although Ricardo's advisers confirmed that they saw no present need to adjourn the event. First Technology also made clear that it expects to question the Ricardo board over the SAC merger plan and urged shareholders to attend in person.

Elders sells stake in Greene King

By Clare Pearson

ELDERS IXL, the Australian group which owns Courage, has finally sold its 13 per cent stake in Greene King, the UK regional brewer.

With the disposal of the Greene King holding, Elders has rid itself of its two minority stakes in UK regional brewers. Last week it disposed of a 23 per cent holding in Scottish & Newcastle, for which it made an abortive bid last year.

The sales have come at the same time as Elders has been *announcing plans to sell or* float off non-brewing businesses around the world and for a big expansion of brewing interests under its own ownership.

The Greene King holding was said to have been placed yesterday at 355p per share, 9p below the market opening. Greene King's shares closed down 6p at 358p.

There have been rumours since the middle of last year that Elders has keen to rid *itself of the Greene King stake,* but encountering difficulty doing so. The company first took its stake above the 5 per cent level in October 1987.

Elders on Thursday outlined a big expansion of its own UK beer interests, Courage, which it plans to achieve via the purchase of the four breweries and brands owned by Grand Metropolitan, the food and restaurants group. On Thursday it announced a £375m cash purchase was close to being clinched.

Elders' Scottish & Newcastle stake was sold at an estimated loss of £90m.

Scantronic purchase

Scantronic is substantially enlarging its North American market presence with the acquisition of the Arrowhead division of Cerberus Technologies for $5.5m. Arrowhead makes security alarm systems.

Chestergate to sue over Gilken buy

CHESTERGATE Group, the USM-quoted interior designer, is taking legal action against the parties involved over the acquisition in July 1988 of Gilken Contracts following losses in that shopfitting company.

These pushed the group into the red to the tune of £961,000 in the year ended October 31 1989, against a restated profit of £1.67m. The final dividend is being passed, leaving the 2.3p interim as the payment for the year, against 5p.

The poor results significantly eroded reserves and a share placing (with clawback) is being made to raise £1.17m net.

Mr Roger Taylor, chairman of Chestergate, said the action was against the vendors, reporting accountants and auditors, and would be specifically for the recovery of monies paid to the vendors following the substantial over-valuation of Gilken at the time of the acquisition, and claims for subsequent events. Chestergate's legal advisers were confident that a substantial amount would be recovered.

Meantime, he said, the restructuring at Gilken was now substantially completed. The measures would lead to improved business efficiency and considerable cost savings. Orders had been obtained in excess of £14m.

The other group operating companies, said Mr Taylor, had been unable to compensate for the Gilken situation.

However, 1990 had started well. Chestergate's order book currently stood at over £28m compared with total turnover of £25m (up 5.4 per cent) generated in 1988-89. Full benefit was unlikely to be seen until the second half.

The fund raising involves the placing of 4.48m shares at 26p each, with the clawback ratio being three-for-eight.

UBS Phillips & Drew have become the company's new brokers, so Mr Phillip Stephens will resign from the Chestergate board as he is also a director of UBS Phillips & Drew. Mr Richard Bennett will also leave the Chestergate board to concentrate on his duties as managing director of Shoralplan, the principal trading subsidiary.

Seacon plans move to USM

Seacon Holdings, a Third Market specialist shipping and transportation company, plans to move to the USM. It expects to be the first company to graduate from the Third Market under rules introduced in February which reduced the trading record requirement from three to two years.

Mosaic acquisitions with placing and open offer

By Clare Pearson

MOSAIC Investments, the expanding industrial holding company, yesterday announced a 33 per cent increase in its capital via a £9.2m issue, as well as three further acquisitions for a aggregate maximum consideration of £16.5m.

Mosaic is buying from Bunzl, the paper, plastic and packaging products company, CCM, which owns a product which puts creases in cards and packages. Bunzl is simultaneously selling to Mosaic CCM's freehold properties.

The other purchases are of Money Cooper, which designs exhibition stands and reception areas, and Hughes, a wheels and tyres manufacturer.

Mosaic accompanied the announcement of a placing and open offer at 290p per share with a forecast that its final dividend for the year to end-April would be not less than 4.25p, making 7.25p for the year, a 32 per cent increase.

The new share issue will dilute the stake held in trust by Mr Gregory Hutchings and his *family from 14 per cent to about 10.5 per cent. Mr Hutch*ings is chief executive of Tomkins, the industrial holding group.

The initial payment is made up of a £7m cash element and £1.5m in shares to the vendors of Money Cooper and Hughes. The deferred payments depend on the fulfilment of profit targets.

Mosaic, which made pre-tax profits of £1.91m in the six months to end-October last year, describes itself as an *entrepreneurial management* company, focusing on bringing together small young companies in fragmented markets.

The initial consideration for Money Cooper, which made pre-tax profits of £438,000 last year, is £2.5m. The payment for CCM, which made £962,000, is £4m while Mosaic is separately paying £1m for its Wellingborough property.

For Hughes, the payment is £1m; here profits fell from £240,000 to £65,000 last year, but this was attributed to the breakdown of key machinery.

Economic climate causes sharp setback for Perry

SECOND HALF profit from *Perry Group, the motor distrib*utor, was restricted to £1.24m. That led to the full pre-tax result for 1989 falling by £3.32m to £5.08m.

Mr Richard Allan, the chairman, said there were three principal reasons for the shortfall:- the downturn in retail markets, with margins reduced; high interest rates; and a pension contribution this time of £630,000.

Earnings were down from 28.6p to 18.5p, but the final div*idend is held at 6.25p for an* unchanged 9p total.

The group holds Ford, GM, Rover, Volvo, Peugeot, Toyota, Jaguar, Land Rover/Range Rover, and Iveco Ford franchises. It increased the year's turnover by £39m to £343m but a matching rise in the cost of *sales meant the gross profit* was unchanged.

That situation was exacerbated by a £2.2m rise in administration expenses and a £1.3m increase in interest charges.

In the current year trading had been reasonably buoyant, particularly in used cars, Mr Allan said. Ford's market share was, however, substantially reduced because of production losses.

The parts and service departments – the backbone of the *group – were enjoying* excellent business; controls were tight and financial position strong. Three major capital projects were in hand, and there might be opportunities towards the end of the year to pursue the acquisition policy.

Pegasus rise checked at 3.5%

Pegasus Group, the USM traded software house, lifted its interim profits by 3.5 per cent after allowing for increased development expenditure and losses in its new acquisition.

Turnover doubled to £7.83m in the six months ended January 31 1990, and the pre-tax profit rose to £1.34m (£1.3m).

In a tough trading climate the software side raised its operating profit 29 per cent to £1.25m and the supplies division 40 per cent to £245,000. However, losses of £277,000 in Sphinx, acquired last April, restricted the operating growth to 6 per cent.

With the exception of December, Sphinx's trading losses had been consistently reduced to near break even level.

The supplies division showed strong growth with sales being expanded on a virtually static cost base.

The "green initiative" of recycled paper products was progressing well.

Earnings moved up to 16.1p (15.6p) and the interim divided is raised to 3.5p (3.375p).

Avena denies sell off if it wins Runciman

By Clare Pearson

Avena, the Swedish security equipment, construction and property company, yesterday moved to quash speculation that it is planning a break-up of Walter Runciman, the shipping, safes and strong rooms and insurance company for which it has launched a £47.8m contested cash offer.

Avena said it intended to retain all the businesses of Runciman substantially in their present form. It would "apply its highly successful management philosophy to the Runciman operations and particularly to its shipping and transportation activities."

The statement followed speculation in the press and elsewhere that Avena might be under pressure from heavy borrowings to sell off the shipping activities. Tann, a heavy security company which would fit in with Avena's own interests, forms the main attraction of Runciman to the Swedish company.

Enskilda Securities, advising Avena, said yesterday publication of the company's accounts for the year to end-December, which is expected within two weeks, would allay concerns about its indebtedness. The offer document published earlier this week showed borrowings at end-December of SKr3,214.2m (£320m).

Runciman's shares closed yesterday unchanged at 538p compared with Avena's 520p cash offer.

Psion price falls as profits disappoint

By Alan Cane

PSION, the electronics group specialising in hand-held and portable computers, saw sales grow by 63 per cent for the second year running in 1989. But pre-tax profits at £3.34m were well below market expectations and the shares fell 73p *to close at 180p.*

Turnover was £31.4m, compared with £19.2m. Pre-tax profits were 21 per cent higher but the City had been expecting a figure closer to £3.9m.

Psion also pointed out that without the first-time contribution from Dacom telecommunications group, acquired in 1988, profits would have been similar to the £2.76m recorded in 1988.

Earnings per share were 0.1p lower at 10.3p and the directors are recommending a final dividend of 1.4p, an increase of 17 per cent, making a total of 2.4p for the year as a whole.

The company's substantial growth over the past few years has been due to the success of its Organiser pocket computers.

Last year it introduced a *range of innovative portable* computers which are expected to form the basis of its future growth.

Mr David Potter, chairman, said profits had been disappointing for three reasons.

Problems with software had delayed shipments of the new computers from November to December, costing the company some £200,000 in profits.

Prices of the semiconductor chips used in all Psion's products were high in 1989 because of the cyclical nature of the semiconductor business.

This was made worse by a steep decline in the value of the pound in the last quarter, reducing gross margins.

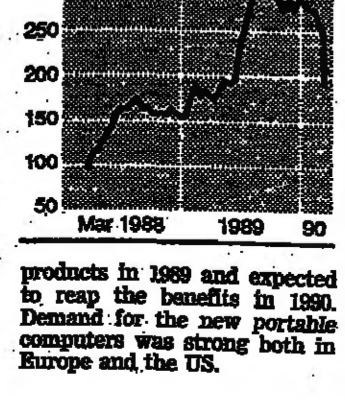
The company said it had now improved its methods for hedging foreign currency exposure.

And *semiconductor prices* were falling which should improve margins through the year.

While Dacom's sales grew strongly, its profits were disappointing because it had difficulty matching production to demand.

Psion was seeking to improve Dacom's engineering skills but warned the company would face a difficult year.

Mr Potter said that the company had invested heavily in infrastructure for the new products in 1989 and expected to reap the benefits in 1990. Demand for the new *portable* computers was strong both in Europe and the US.

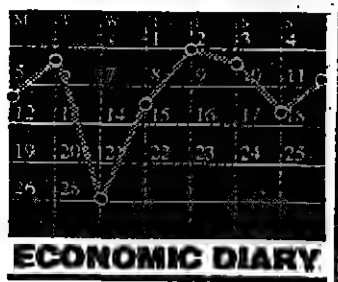


Reorganised Sphere net assets over 48p

Net asset value per ordinary income share of the Sphere Investment Trust as at December 31 was 48.1p and that of the zero dividend share 52p. The company was reorganised into a split capital investment trust last September but the policy of investment on a global basis has been continued.

Total revenue last year increased from £3.94m to £7.89m; of that increase £1.76m arose from securities dealing by subsidiaries. Pre-tax revenue increased from £1.99m to £6.87m and after tax of £2.09m (£554,000) earnings per ordinary income share were 3.91p.

For 1989 an interim net dividend of 2.24p per ordinary share was paid before the reorganisation. An interim dividend in lieu of a final of 1.29p net per ordinary income share was paid on February 27.



ECONOMIC DIARY

TODAY: Meeting in Paris to draft statutes of the future East European development bank (also 11th). Arab League council meeting in Tunis. Mr Barber Conable, president of the World Bank, visits Bangladesh.

TOMORROW: Second round of elections in Moldavia, Kirghizia and Tajikistan. Communist Party central committee meets in Moscow.

MONDAY: Retail sales (February-provisional). Producer price index numbers (February-provisional). Congress of Peoples's Deputies meets in Moscow. European Parliament in plenary session in Strasbourg (until March 16).

TUESDAY: UK balance of payments (fourth quarter). International banking statistics (fourth quarter). US retail sales (February). Financial Times holds conference "Competition, Mergers & Acquisitions in Europe" in London. European Community industry ministers meet in Brussels. Ambulance dispute ballot result. Mr Peter Clowes and others appear on remand at Guildhall Magistrates Court.

WEDNESDAY: US business inventories (February). South African budget is expected to be presented to parliament. Institute of Directors conference in London on dealing with skills shortages. Meeting of the Group of Thirty at the Mansion House.

THURSDAY: Labour market statistics: unemployment and vacancies (February-provisional); average earnings indices (January-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Rolls-Royce results.

FRIDAY: Usable steel production (February). Gross domestic product (fourth quarter-provisional). Index of output of the production industries (January). Public sector borrowing requirement (February). US housing starts (February). US producer price indices. US industrial production and capacity utilisation. OPEC market monitoring committee meets in Vienna. Mr Ronald Reagan, former US president, campaigns for centrist alliance of Free Democrats in East Berlin.

LONDON TRADED OPTIONS

THE MARKET was busier yesterday as trading in the FT-SE 100 Index and Boots stock options boosted turnover. Other features included Ladbrokes and GEC as trading on the underlying and futures market increased.

Total turnover yesterday amounted to 32,006 contracts, compared with 27,614 on Thursday. Yesterday's total was made up of 13,093 calls and 9,913 puts, though the bias towards calls was not said to signify any change in sentiment.

The most active contract was the FT-SE 100 index, which accounted for a sixth of total market turnover. Usually it accounts for a quarter of the day's dealings, and operators said its lower proportion of trading was due to uncertainty over the outlook for the underlying market.

Total volume amounted to 5,516 contracts, against 6,799 on Thursday, and was comprised of 2,221 calls and 3,295 puts. The busiest series was the March 2,250 puts, which traded 1,035 lots.

In the futures market, the difference between it and the cash market changed from a 7 point premium on Thursday to an 8 point discount at yesterday's close.

Dealers said worries over the UK Government's standing and the decline in sterling had put the futures market under pressure. The March FT-SE contract closed 30 points lower at 2,226, having traded 4,436 lots against 4,429 on Thursday.

Among the stock options, Boots was the busiest, trading 2,180 lots, which included 900 calls and 1,280 puts. The July 260 put series was the most active, trading 755.

Ladbrokes was the second most widely dealt stock option, with 1,700 contracts changing hands. This total was divided between 1,034 calls and 666 puts. The July 300 call series, at 711 contracts, was the most active.

GEC was the third busiest stock, as 1,017 contracts were traded. GEC saw a total of 200 puts and 817 calls being dealt, with the August 240 call series the busiest: it traded 540 lots.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*436)	420	30	40	55	9	18	22
	460	9	19	34	28	40	43
	500	2	8	[illegible]	[illegible]	70	70
ASDA (*108)	100	13	18	21	2½	4½	7½
	110	6	13	15	6½	8½	11
Brit. Airways (*205)	180	22	24	31	2	6	8
	200	8	12½	20	9½	16	17½
	220	2½	6	12	25	29	30
Ultramar (*362)	360	18	32	43	14	18	22
	390	7	18	27	28	40	40
Trafalgar (*320)	300	32	39	52	5	9	12
	330	14	21	35	16	22	26
Utd. Biscuits (*334)	300	26	35	45	5	9	10
	330	9	19	27	20	22	24
Unilever (*650)	600	58	72½	93½	5	20½	14½
	650	20	39½	61½	24½	31	36
[illegible]							

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*466)	460	40	55	68	20	28	33
	500	18	37	50	40	45	52
BAA (*369)	360	46	58	67	7	11	16
	390	24	33	45	15	20	27
[illegible]							

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*54)	50	5½	9	14	1½	5	7
	60	1½	6	9	7	10	12
Barclays (*585)	550	25	50	65	5	13	21
	600	3½	20	35	35	37	45
Blue Circle (*225)	220	10	16	25	3	13	16
	240	—	8	14	—	26	27
British Gas (*210)	200	11½	19	22	1½	4½	7
	220	1½	9	12	11	13	17
Abbey Nat. (*194)	180	12	20	22	2	5½	8
	200	1½	9	12	13	15	27
[illegible]							

Option		Calls Apr	Calls Jun	Calls Aug	Puts Apr	Puts Jun	Puts Aug
Reuters (*1039)	1000	76½	109	132	23½	38½	47½
	1050	46½	81½	105	45½	61½	70½

March 9 Total Contracts 23,006
Calls 13,093 Puts 9,913
FT-SE Index Calls 2221 Puts 3295
Euro FT-SE Calls 876 Puts 65
*Underlying security price. † Long dated expiry months.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Mar 9 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Mar 8 Index No.	Wed Mar 7 Index No.	Tue Mar 6 Index No.	Year ago (approx) Index No.	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (202)	850.72	-0.4	13.49	5.09	9.02	1.80	854.40	844.89	839.15	958.38	1012.97 18/8/89	775.54 3/1/89	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (27)	1034.27	-0.7	15.21	5.46	8.20	0.50	1041.16	1026.85	1025.09	1208.24	1287.14 19/5/89	939.06 3/1/89	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (37)	1395.96	-0.3	17.60	5.70	7.44	3.69	1400.74	1388.22	1394.80	1764.87	1801.66 14/3/89	1306.13 27/10/89	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2398.32	-0.6	12.49	5.40	9.78	0.75	2413.80	2383.88	2317.73	2811.85	3040.80 8/9/89	2294.30 3/1/89	3040.80 8/9/89	84.71 25/6/62
5	Electronics (30)	1839.79	-0.9	9.79	4.00	13.22	10.52	1855.70	1856.66	1844.01	2183.73	2308.22 19/5/89	1776.44 3/1/89	2308.22 19/5/89	1229.01 [illegible]
6	Engineering-Aerospace (8)	422.34	-0.1	14.32	5.23	8.58	0.04	422.71	415.39	409.55	0.00	495.50 4/1/90	409.55 6/3/90	495.50 4/1/90	409.55 6/3/90
7	Engineering-General (43)	465.03	+0.2	12.62	5.26	9.49	1.28	464.11	455.30	453.75	0.00	502.82 4/1/90	453.02 23/2/90	502.82 4/1/90	453.02 23/2/90
8	Metals and Metal Forming (6)	469.70	—	25.09	6.55	4.50	0.00	469.77	468.22	464.20	540.54	562.47 19/5/89	439.27 27/10/89	596.67 9/10/87	49.65 6/1/75
9	Motors (16)	356.22	+0.3	14.57	6.09	8.11	0.00	355.18	350.07	348.09	320.17	403.90 4/1/90	258.24 3/1/89	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (25)	1552.57	-0.6	11.04	4.67	10.53	3.06	1561.17	1538.09	1522.58	1575.62	1881.53 18/8/89	1311.63 3/1/89	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (177)	1207.24	-0.3	9.45	3.97	13.20	3.14	1210.43	1200.60	1193.72	1184.86	1417.92 4/9/89	1016.74 3/1/89	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1389.23	-0.6	10.05	3.79	12.27	6.57	1398.07	1387.41	1369.31	1337.09	1583.71 5/9/89	1112.42 3/1/89	1583.71 5/9/89	69.47 13/12/74
25	Food Manufacturing (20)	1066.77	+1.2	10.16	4.33	12.24	1.70	1053.65	1039.57	1033.34	1039.45	1228.42 4/9/89	926.04 3/1/89	1228.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2239.90	-0.9	9.05	3.39	14.34	6.99	2259.13	2232.65	2224.62	1998.63	2722.30 5/9/89	1784.64 3/1/89	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (13)	2410.16	+0.6	6.62	2.71	17.97	0.20	2396.82	2379.53	2365.35	2138.81	2795.49 4/1/90	1778.20 3/1/89	2795.49 4/1/90	175.38 28/5/80
29	Leisure (31)	1449.36	-1.0	9.76	4.18	12.65	5.74	1463.29	1461.00	1452.22	1631.84	1845.77 8/9/89	1346.22 3/1/89	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (13)	553.31	+0.1	12.70	5.61	9.95	0.90	552.92	550.56	549.84	601.35	623.86 4/9/89	512.34 16/10/89	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (16)	3259.17	-0.5	9.90	5.37	12.90	21.20	3276.45	3262.34	3274.63	3760.90	3916.24 8/2/89	3236.76 4/1/89	5070.86 5/10/87	55.08 6/1/75
34	Stores (33)	753.85	-1.6	11.51	4.96	11.30	1.78	766.25	760.89	758.40	773.73	921.71 4/9/89	679.97 3/1/89	1140.98 29/7/87	52.63 6/1/75
35	Textiles (13)	496.82	+0.1	11.97	6.03	10.07	0.37	496.39	487.42	488.07	520.57	586.98 21/9/89	464.71 3/1/89	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (103)	1141.03	-0.5	10.88	4.95	11.02	1.57	1146.44	1139.57	1136.42	1083.52	1233.52 3/1/90	896.15 3/1/89	1233.52 3/1/90	58.63 6/1/75
41	Agencies (17)	1538.00	+0.1	5.86	2.42	21.03	9.20	1535.91	1537.30	1528.43	1312.94	1630.70 5/9/89	1030.84 3/1/89	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1195.04	+0.4	12.05	5.53	9.76	0.57	1190.16	1187.98	1180.38	1212.69	1370.94 11/8/89	1026.37 3/1/89	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	1596.84	-0.9	10.19	6.13	11.56	5.27	1611.77	1582.98	1576.57	1506.93	1819.46 11/8/89	1254.94 3/1/89	1819.46 11/8/89	975.19 10/11/87
44	Transport (13)	2210.32	+0.2	11.02	4.35	11.55	2.88	2206.74	2204.02	2208.55	2402.24	2554.69 12/7/89	1836.25 4/1/89	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (2)	1157.76	-1.4	11.16	4.50	11.65	0.00	1153.78	1153.87	1152.51	1159.08	1290.72 3/1/90	1002.43 3/1/89	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	1944.36	-1.4	17.92	6.97	6.18	0.00	1972.20	1964.94	1961.90	0.00	2079.08 16/2/90	1944.36 9/3/90	2079.08 16/2/90	1944.36 9/3/90
48	Miscellaneous (26)	1861.55	+0.2	9.74	4.42	11.60	1.11	1857.18	1837.36	1832.99	1487.41	2087.06 11/7/89	1183.56 5/1/89	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (482)	1111.36	-0.4	10.90	4.56	11.32	2.33	1115.50	1106.37	1100.70	1119.91	1273.71 5/9/89	935.24 3/1/89	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (18)	2333.17	-1.5	10.42	5.17	12.69	31.87	2367.56	2342.91	2329.59	1944.67	2475.71 2/1/90	1725.77 3/1/89	2475.71 2/1/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1212.72	-0.5	10.83	4.65	11.41	4.59	1219.18	1208.80	1202.59	1190.44	1355.68 5/9/89	1002.81 3/1/89	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (114)	794.00	-0.7	—	5.62	—	5.62	799.42	793.53	791.10	749.90	869.67 3/1/90	670.86 3/1/89	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	867.40	-0.6	19.40	6.33	6.74	13.93	872.26	870.52	869.21	740.80	918.30 2/2/90	657.74 3/1/89	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1281.11	-1.6	—	5.19	—	0.00	1301.66	1274.80	1263.62	1044.11	1484.67 3/1/90	933.96 5/1/89	1484.67 3/1/90	44.88 2/1/75
66	Insurance (Composite) (7)	654.73	-1.1	—	6.06	—	0.00	661.98	652.15	646.62	600.34	768.11 29/12/89	528.72 3/1/89	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (6)	1066.87	+0.2	6.91	5.91	19.26	0.73	1064.78	1062.28	1061.69	1016.34	1194.74 4/1/90	916.68 3/1/89	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (8)	470.31	-0.3	—	3.83	—	0.04	471.64	471.28	476.53	345.92	502.02 8/2/90	318.05 3/1/89	547.59 12/10/87	31.21 7/1/75
69	Property (49)	1089.06	-0.6	8.38	3.99	15.11	1.39	1090.82	1084.60	1080.15	1323.78	1398.87 5/9/89	1080.15 6/3/90	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (28)	314.21	+0.5	13.81	6.76	9.56	2.30	312.74	309.86	311.15	383.17	391.49 8/2/89	304.56 16/10/89	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (68)	1151.74	+0.1	—	3.26	—	4.61	1150.94	1143.73	1141.41	1103.86	1323.81 4/1/90	922.04 3/1/89	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1364.80	+0.5	9.46	6.70	12.79	30.79	1358.41	1347.34	1341.81	1381.25	1614.04 3/1/90	1255.90 17/10/89	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (687)	1110.85	-0.5	—	4.76	—	4.90	1116.74	1107.51	1102.28	1083.32	1226.83 3/1/90	921.22 3/1/89	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 8	Mar 7	Mar 6	Mar 5	Mar 2	Year ago				
	FT-SE 100 SHARE INDEX§	2234.3	-15.7	2263.3	2230.9	2250.0	2231.3	2216.0	2230.5	2254.8	2085.2	2463.7 3/1/90	1694.5 8/2/88	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 9	Day's change %	Thu Mar 8	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.10	-0.20	113.64	0.31	2.57
2	5-15 years	117.74	-1.10	119.05	—	2.41
3	Over 15 years	120.46	-2.48	123.52	—	3.35
4	Irredeemables	138.54	-1.90	141.23	—	1.51
5	All stocks	118.10	-0.96	119.36	0.11	2.62
	Index-Linked					
6	Up to 5 years	139.64	-0.21	139.92	—	0.94
7	Over 5 years	132.35	-0.58	133.12	—	0.81
8	All stocks	132.79	-0.55	133.52	—	0.82
9	Debentures & Loans	98.69	+0.04	98.65	—	2.12
10	Preference	77.56		77.56	—	1.17

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 9	Thu Mar 8	Year ago (approx.)	1989/90 High	1989/90 Low
	British Government						
1	Low	5 years	11.54	11.41	9.17	11.54 9/3/90	8.88 9/2/89
2	Coupons	15 years	11.29	11.06	8.95	11.29 9/3/90	8.77 9/2/89
3		25 years	11.20	10.95	8.83	11.20 9/3/90	8.73 16/2/89
4	Medium	5 years	12.86	12.68	10.32	12.86 9/3/90	9.96 8/2/89
5	Coupons	15 years	11.79	11.51	9.41	11.79 9/3/90	9.21 8/2/89
6		25 years	11.37	11.07	8.98	11.37 9/3/90	8.85 17/2/89
7	High	5 years	12.97	12.80	10.45	12.97 9/3/90	10.13 8/2/89
8	Coupons	15 years	12.07	11.74	9.62	12.07 9/3/90	9.41 8/2/89
9		25 years	11.61	11.25	9.17	11.61 9/3/90	8.99 27/1/89
10	Irredeemables†		11.20	10.96	8.70	11.20 9/3/90	8.68 15/3/89
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	4.71	4.60	3.28	4.71 9/3/90	2.75 21/8/89
12	Inflation rate 5%	Over 5 yrs.	4.11	4.07	3.45	4.11 9/3/90	3.41 21/8/89
13	Inflation rate 10%	Up to 5 yrs.	3.80	3.68	2.44	3.80 9/3/90	1.91 21/8/89
14	Inflation rate 10%	Over 5 yrs.	3.95	3.90	3.29	3.95 9/3/90	3.23 21/8/89
15	Debs &	5 years	13.80	13.80	11.98	13.82 3/11/89	11.47 30/12/88
16	Loans	15 years	13.14	13.14	11.32	13.14 8/3/90	11.19 1/2/89
17		25 years	13.13	13.14	10.75	13.14 8/3/90	10.66 27/2/89
18	Preference†		11.90	11.90	10.02	11.90 9/3/90	10.00 17/3/89

§Opening index 2263.3; 10 am 2253.6; 11 am 2233.5; Noon 2236.4; 1 pm 2237.2; 2 pm 2233.6; 3 pm 2236.6; 3.30 pm 2235.7; 4 pm 2233.9 (a) 9.00am (b) 4.25pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

INTERNATIONAL COMPANIES AND FINANCE

Drexel UK's creditors 'well placed' for payment

By Stephen Fidler, Euromarkets Correspondent

CREDITORS of Drexel Burnham Lambert's UK securities and commodities businesses should receive significant payments, the administrators appointed to run the companies said yesterday.

Mr Tim Hayward and Mr Phil Wallace of KPMG Peat Marwick McLintock described the position of the unsecured creditors of Drexel's UK securities company as "quite good" and said those of the commodities company should receive a "significant portion" of what was due to them.

Drexel Burnham Trading, the foreign exchange subsidiary which was not taken over by the administrators, had closed all its positions and would pay all creditors in full.

The administrators, who said they had largely completed the run-down of the commodities and Eurobond securities businesses, declined to specify their assessment of the companies' assets and liabilities.

The main uncertainty concerned loans totalling $100m made by the Drexel UK companies to Drexel in the US, which sought protection from creditors under the US bankruptcy code last month. Some $25m due to Drexel companies overseas from the UK companies will be repayable only after unsecured creditors are paid.

Staff numbers would be reduced from 100 currently to 60 by the end of the coming week, and to less than 40 by the end of the month.

The Eurobond business owned about $90m worth of securities, of which about $50m have been sold and the rest will be sold over coming months. The commodities business, with gross assets of $140m, had five divisions. Its cocoa book has been sold to Balfour Maclaine, while most of the rest of its positions have been sold.

The co-operation among regulatory agencies and the clearing house which ensured an orderly run-down of Drexel's positions, saved the commodities company at least $10m, Mr Wallace said.

Allianz reveals DM762m rights

By Katharine Campbell in Frankfurt

ALLIANZ, Europe's largest insurance company, has announced a rights issue of one new share priced at DM500 per 10 shares held, plus rights on participating certificates, raising DM762m ($448m).

The insurer also announced it was continuing its expansion in France by bringing its separate French subsidiary's operations into the holding company Via/Rhin et Moselle which it set up with Navigation-Mixte, the food-to-finance conglomerate, last autumn.

This would give Allianz a majority holding in the company, one of the largest private French insurers, with a premium income in 1989 of around FFr10bn ($1.7bn).

The terms of the Allianz rights issue, at a deep discount to the existing shares which closed at DM2,625 on Friday, is in line with the policy of German insurance companies to pay their shareholders through occasional rights issues, which are more tax efficient for investors than raising the dividend.

As expected, the company also announced a DM4 bonus in honour of its centenary celebrations, to add to the planned DM12 cash dividend for 1989, unchanged on 1988.

In addition to the 3.75m new ordinary shares, which will bring in most of the funds, the participating shares will be eligible for rights at 1:10 priced at DM32.5, raising DM12m.

Mr Wolfgang Schieren, chief executive, said he expected premium income to reach around DM31.6bn for 1989, an 8.2 per cent increase on the previous year. But during 1990 total premium income is expected to jump to about DM36bn, as the French operation is fully consolidated.

Analysts expect little earnings growth this year, aside from the consolidations, given some DM850m in claims from storm damage already announced by the company, and increased competition in the European non-life market.

The company has just obtained permission to open an office in East Berlin, and Mr Schieren termed making a contribution to a functioning insurance market in East Germany "a high priority."

Warm weather boosts Heineken

By David Brown in Amsterdam

HEINEKEN, the big Dutch brewer, yesterday reported a 12 per cent rise in 1989 net profit to Fl 325.5m ($171m), buoyed by the warm continental weather last summer and consequent higher sales volume.

Turnover advanced by Fl 529m or 7 per cent to Fl 7.82bn, although the company said the advantage of higher volume sales was "partly offset" by downward pressure on profit margins as international competition stayed keen and marketing costs rose.

Trading profit advanced a more modest 6.5 per cent to Fl 572.3m.

Heineken is pushing into the growing "dry" and low-alcohol segments of the beer business in several markets, including the US. But it remains under pressure at home where market share and margins have slipped.

In addition to the introduction of new products, Heineken has announced plans to lay off some 700 workers, or 17 per cent of the labour force, in a reorganisation expected to cost about Fl 50m from now to 1993.

The 1989 result, which corresponds to Fl 10.14 a share (up from an adjusted Fl 9.06 in 1988) exceeds the company's forecast at mid-year. An unchanged dividend of Fl 3.50 a share is planned.

Income surge sparks Gota dividend rise

GOTA, the Swedish financial group, reported a 47 per cent rise in profits before extraordinary items to SKr1.05bn ($170.3m), writes John Burton from Stockholm.

The directors proposed a dividend increase of 32 per cent to SKr3.30 a share.

Operating income rose 27 per cent to SKr1.2bn. Income from banking operations improved by 20 per cent to SKr1.3bn due to higher interest income and cost reductions.

But income from its investment bank activities fell 27 per cent to SKr76m, reflecting costs for a new computer system for its stock brokerage firm, Hegglof & Ponsbach.

Income from its finance companies also dropped by 43 per cent to SKr123m, due to narrower interest margins and a write-off of SKr76m for losses in leasing deals.

Porsche continues on road to recovery

By Andrew Fisher in Frankfurt

PORSCHE, the West German luxury sports car maker, continued on the road to financial recovery in the first half of its current financial year with a sharp rise in turnover and doubled profits.

Pre-tax profits rose from DM38m to DM75m ($44m) in the six months ended January 1990, as a result of the sharp increase in business – turnover was 19 per cent higher at DM1.46bn – the continued high level of development work for outside customers, and the impact of its recent cost-cutting measures.

For the full year, Porsche forecasts "a satisfactory result" after the doubling of net profits last year, when earnings per share totalled DM38 against DM15. It has already forecast a rise of around 20 per cent to DM3bn in turnover for 1989-90 and says profits should improve by at least the same rate.

The company's dependence on exports, especially to the US where its sales collapsed in 1987 because of the weaker dollar and the impact on consumer confidence of the stock market crash, was further reduced during the first six months.

Foreign sales accounted for 71 per cent of turnover against 76 per cent in the previous year, with sales to the US down by 31 per cent to 4,500 units out of total deliveries of 15,300 cars.

Porsche also took on 580 more employees, mostly on the production side, to bring its workforce up to around 8,500. As well as striving to reduce costs, it has invested heavily in upgrading its models, notably the 911 series for which orders now stretch well beyond the present financial year.

It has stepped up production in its main Zuffenhausen plant near Stuttgart to meet the demand.

Petrobras profit tumbles 68%

By John Barham in Sao Paulo

NET profits of Petrobras, Brazil's national oil company, tumbled 68 per cent last year to $157m from $487m on sales down 4 per cent at $11.9bn.

Mr Carlos Sant'Anna, president, blamed government interference for its troubles. The company suffered a "severe financial crisis due principally to the fact that oil prices were used as an instrument of macroeconomic policy to reduce inflation."

Barron Hilton plays wallflower

Anatole Kaletsky on the latest rebuff for the US hotels group

When Conrad Hilton, the flamboyant financier and hotelier, died in 1979 at the ripe old age of 91, his quiet but fiercely devoted son, Barron, fought a 10-year legal battle to stop "outsiders" gaining control of the family company. Last May, Barron finally settled his lawsuits with the Catholic religious orders that were the main beneficiaries of the Conrad N. Hilton Charitable Foundation and gained voting control of 24.5 per cent of Hilton Hotels.

Less than a month later he announced that he had asked financial advisers "to explore strategic alternatives, including the possible sale of the company." Asked why he had apparently changed his mind, Barron said he was simply trying to act as his father might have done when he saw the huge prices being paid for prime hotels. Conrad Hilton had always been a businessman first and a hotelier second, Barron said.

Within minutes of Barron's unexpected change of heart, Hilton Hotels' share price had gained 10 per cent, adding $300m to the value of the company. In less than three months, the price had doubled to $115. The company, whose total equity had never been worth more than $2bn, was suddenly valued at $5.5bn. The only question on Wall Street was how much more Hilton would "really" be worth, once the serious bidding started.

This week Wall Street found out the answer. Hilton's shares plunged almost 20 per cent to under $50 at the start of trading on Thursday morning after the board announced that the company was no longer for sale. For the arbitrageurs, the reason for the board's U-turn was even more painful and embarrassing than the actual decision. The company had been taken off the auction block because no serious bidders had turned up.

The Hilton dynasty: Barron, by a portrait of his father Conrad

Actually, Shearson Lehman Hutton, Hilton's investment banker, which had scoured the world for nine months from London to Tokyo to Hong Kong to attract bidders, had managed to dredge up two acquisition proposals. But neither of these offers even came up to the reserve price effectively set last May when Barron Hilton told a shareholders' meeting that he had "no intention of ever selling for anything less than $75 a share."

One of the offers rejected this week, from JMB Realty, a Chicago property management group, was said to be worth just under $75. The other, from Mr Al Cecchi, who last year led the leveraged buy-out of Northwest Airlines, was so uncertain in its financing that nobody was even willing to estimate its true worth. Meanwhile, the Japanese and other foreign bidders who had been confidently expected to offer more than $120 a share simply did not turn up.

What had been hyped as the greatest property auction in US history failed for several reasons. Part of the problem was the collapse of the junk bond market last autumn. This effectively put out of action the handful of colourful American buyers – people like Donald Trump and Marvin Davis – who might have been tempted to bid stratospheric prices.

But much more serious was the total absence of foreigners.

Once it became apparent last autumn that rumoured Japanese buyers were standing aside, the writing was on the wall for takeover speculators. But several arbitrageurs did manage to bail out at around $90 a share before Christmas.

Hilton's business in the intensely competitive and relatively slowly growing mainstream of the US hotel market was never a very attractive proposition. The most important reason why Hilton could not in the end find a buyer probably dates back to 1966, when Conrad Hilton appointed Barron as chief executive and let him sell off the company's international properties. Today, it is the fast growing and highly profitable European and Asian hotel markets that excite the interest of investors.

But Hilton International now belongs to Britain's Ladbroke Group. And Barron Hilton is eagerly trying to re-establish a new chain of luxury hotels, starting in London, Hong Kong and Monte Carlo. Unfortunately he is prohibited from using his family name outside America. But he remains loyal to his father: the new chain is called Conrad International.

Investors cool on Elliott's master brew

By Chris Sherwell in Sydney

INVESTORS reacted negatively yesterday to the multi-billion dollar reconstruction of Elders IXL announced on Thursday, marking its shares down seven cents to A$2.08 on an otherwise firm stock market.

The fall came despite a cautiously positive view from equity analysts of the Australian conglomerate's ambitious plans to sell off or float its non-brewing assets and become a global entity called Foster's Brewing.

Their caution springs from concern that the asset sales might not be completed at acceptable prices, while the weakness of the shares reflects investor suspicion both of Elders and of entrepreneurial companies generally.

In related developments yesterday:

● Analysts said that Harlin – the company controlled by Elders chairman Mr John Elliott and senior Elders executives, which currently holds 55 per cent of Elders IXL – would only become cash positive when the whole reconstruction was completed, including Harlin's own reduction of its Elders shareholding to 40-50 per cent.

Harlin moved to its 55 per cent holding last year as the result of a A$5.5bn (US$4.2bn) takeover offer. The reconstruction, apart from "unbundling" a conglomerate as planned, is a result of Harlin's need to meet a restructuring deadline agreed with its financiers.

● Bankers and brokers said they believed it was still possible that Grand Metropolitan of the UK would take a stake in Elders, and that the move had only been ruled out for now.

The original plan was that GrandMet would acquire 25 per cent of Elders through a partial offer, preferably after the asset sales were completed. But while a stake above 20 per cent would allow it to equity account Elders profits, a stake above 15 per cent would have classed it as a brewer under UK regulations, which would in turn preclude the two companies' pub deal.

● The sale of such investments as Scottish & Newcastle and Greene King will fund the first of Elders' two planned 50 cent capital returns to shareholders. The remainder must come from the asset sales.

The 42 per cent-owned Elders Resources NZFP offshoot said it would be "business as usual" while a new board committee dealt with Elders IXL. Fletcher Challenge, the New Zealand forest products group and a potential buyer of NZFP, offered no comment. Brierley Investments indicated interest.

The sale of the remaining Elders Finance interests involves principally the disposal of a property-loans portfolio, which already has serious buying interest, and a general portfolio.

● Bankers said that Harlin intended to sell down its full entitlement to shares in Elders Ltd, the new company which will be created through floating off Elders Agribusiness to Elders IXL shareholders.

Harlin would "pass through" the entitlement to its own shareholders. Meanwhile the search for new long-term shareholders in the business would focus more on financial institutions than other agriculture-based groups, the bankers said.

● Brokers conducting fresh valuations of Elders IXL estimated that the group had net assets per share of A$2.60-A$2.70, suggesting that the shares are currently trading at a discount of some 20 per cent. Despite this they also suggested caution, pending completion of the asset sales.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989/90	Low 1989/90
Gold per troy oz.	$399.25	-4.25	$389.25	$420.25	$356.5
Silver Per troy oz	314.60p	+5.65	338.30p	376.15p	307.25p
Aluminium 99.7% (cash)	$1531	-15	$2195	$2610	$1394.5
Copper Grade A (cash)	£1641	+95	£1895	£1982.5	£1301
Lead(cash)	£672.5	+104	£344.5	£515	£337
Nickel (cash)	$9250	+575	$18950	$19350	$5887.5
Zinc SHG (cash)	$1652.5	+120	$2025	$2107.5	$1285
Tin (cash)	$6350	+20	£4675	$10760	$6210
Cocoa Futures (May)	£722	+10	£883	£947	£622
Coffee Futures (May)	£734	+89	£1128	£1270	£572
Sugar (LDP Raw)	$374	+29	$285	$381.0	$235.8
Barley Futures (May)	£106.75	-0.35	£112.25	£113.85	£100.95
Wheat Futures (May)	£113.55	-1.75	£116.75	£121.65	£104.7
Cotton Outlook A Index	79.90c	+2.35	62.35c	84.95c	61.35c
Wool (64s Super)	663p	+15	647p	710p	548p
Oil (Brent Blend)	$18.85z	-0.45	$16.875	$21.975	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. z-Apr.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.02-6.13	+0.1
Brent Blend	$18.83-8.87z	-0.1
W.T.I. (1 pm est)	$20.70-0.78z	-0.5
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-218	-1
Gas Oil	161-163	-1
Heavy Fuel Oil	$86-88	
Naphtha	$175-176	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$399.25	-2.00
Silver (per troy oz)♣	511.00c	-6.00
Platinum (per troy oz)	$506.70	-0.75
Palladium (per troy oz)	$131.40	+0.80
Aluminium (free market)	$1515	+10
Copper (US Producer)	123¾-127	
Lead (US Producer)	46½c	
Nickel (free market)	425c	+10
Tin (Kuala Lumpur market)	16.73r	-0.09
Tin (New York)	292c	-3
Zinc (US Prime Western)	70¼c	
Cattle (live weight)†	111.88p	*
Sheep (dead weight)†	303.16p	*
Pigs (live weight)†	98.75p	*
London daily sugar (raw)	$374.0x	+8.6
London daily sugar (white)	$437.0x	+5.0
Tate and Lyle export price	£345.0	-9.0
Barley (English feed)	£109.5	
Maize (US No. 3 yellow)	£128.25	+0.85
Wheat (US Dark Northern)	£131	
Rubber (Apr)♥	56.75p	+0.5
Rubber (May)♥	57.50p	+0.5
Rubber (KL RSS No 1 Mar)	231.0m	-1.0
Coconut oil (Philippines)§	$390x	-2.5
Palm Oil (Malaysian)§	$300.0w	
Copra (Philippines)§	$267.5	+2.5
Soyabeans (US)	£168.0	+3.0
Cotton "A" index	79.90c	+0.1
Wooltops (64s Super)	563p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)				
Raw	Close	Previous	High/Low	
May	349.00	343.40	349.00	341.00
Aug	346.00	341.00	344.40	339.40
Oct	331.40	329.00	332.00	327.00
Mar	305.20	303.20	307.00	303.00
White	Close	Previous	High/Low	
May	435.0	436.5	438.0	431.0
Aug	434.5	436.0	435.0	433.0
Oct	406.0	406.0	405.5	402.0
Mar	386.5	386.5	385.0	385.5

Turnover: Raw 6599 (8419) lots of 50 tonnes. White 2005 (2088)
Paris- White (FFr per tonne): May 2505, Aug 2510, Oct 2360, Dec 2285, Mar 2275, May 2260

CRUDE OIL – IPE $/barrel				
	Latest	Previous	High/Low	
Apr	18.91	18.95	19.04	18.88
May	18.94	19.04	19.13	18.90
Jun	18.96	19.08	19.10	18.94
Jul	18.92	19.04	18.92	18.92
IPE Index	18.95	19.34		

Turnover: 11582 (11686)

GAS OIL – IPE $/tonne				
	Latest	Previous	High/Low	
Apr	160.00	161.50	162.80	159.25
May	157.75	159.25	160.50	157.00
Jun	157.75	159.25	160.00	157.50
Jul	158.75	160.25	160.50	158.50
Aug	160.50	161.00	162.00	160.00

Turnover 5276 (12226)lots of 100 tonnes

SPICES
During the last three months prices for several Indonesian spices have dropped by some 30 per cent, reports Man Producten. Cassia: va/ka sticks, spot Fl4.15 per kg, shipment Fl3.85, kb br/cl spot Fl2.95, shipment Fl2.88. Nutmegs: siauw/ambon quality bwp US$2,850 a tonne, shrivels $3,400, abcd $4,025, mace $5,300. Cloves: Brazil $2,400 fob, Madagascar spot $3,000.

COCOA – London FOX £/tonne				
	Close	Previous	High/Low	
Mar	709	697	714	708
May	722	713	726	716
Jul	734	726	739	729
Sep	748	740	752	744
Dec	771	761	774	766
Mar	791	786	794	786
May	807	802	809	802

Turnover: 8914 (5098) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 8 859.58 (850.44) 10 day average for Mar 9 835.69 (829.97)

COFFEE – London FOX £/tonne				
	Close	Previous	High/Low	
Mar	717	730	720	710
May	734	749	750	721
Jul	706	740	740	696
Sep	714	750	745	702
Nov	725	760	747	721
Jan	735	767	760	730

Turnover: 7296 (9509) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 8: Comp. daily 80.41 (80.27). 15 day average 78.37 (72.60)

POTATOES – BFE £/tonne				
	Close	Previous	High/Low	
Apr	167.5	167.5	169.0	166.0
May	196.5	202.0	202.0	196.8

Turnover 514 (939) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne				
	Close	Previous	High/Low	
Oct	127.50	124.00	127.50	126.50

Turnover 36 (75) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point				
	Close	Previous	High/Low	
Mar	1650	1640	1640	1637
Apr	1644	1653	1658	1641
Jul	1398	1388		
Oct	1479	1491	1483	
BFI	1620	1622	1629	

Turnover 109 (147)

GRAINS – BFE £/tonne				
Wheat	Close	Previous	High/Low	
Mar	111.00	110.65	110.80	110.65
May	113.55	113.35	113.75	113.30
Jun	115.30	115.20	115.35	115.30
Barley	Close	Previous	High/Low	
May	106.75	106.00	106.75	106.50
Sep	103.80	103.80	103.75	103.75
Mar	113.00	112.90	113.00	112.90

Turnover: Wheat 231 (225), Barley 18 (50).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg			
	Close	Previous	High/Low
Apr	119.5	119.0	118.9
Jun	119.0	118.5	118.5
Oct	119.0	119.0	

Turnover 10 (113) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 26,350 tonne
Cash	1529-33	1512-4	1514	1513-4		
3 months	1533-5	1517-8	1550/1518	1519-20	1547-50	38,794 lots
Copper, Grade A (£ per tonne)						Ring turnover 35,600 tonne
Cash	1640-2	1584-5	1638/1633	1633-4		
3 months	1608-9	1559-60	1611/1585	1600-1	1608-7	57,763 lots
Lead (£ per tonne)						Ring turnover 8,950 tonne
Cash	670-5	670-5	680/672	670-2		
3 months	499-500	492-3	504/492	495-6	503-4	10,666 lots
Nickel ($ per tonne)						Ring turnover 1,158 tonne
Cash	9200-300	8850-950	9300/9200	9175-200		
3 months	8975-9000	8700-50	9100/8800	8875-900	8975-9000	7,064 lots
Tin ($ per tonne)						Ring turnover 620 tonne
Cash	6340-60	6310-25	6370	6360-70		
3 months	6460-70	6430-40	6490/6430	6460-80	6470-80	5,274 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,225 tonne
Cash	1650-55	1655-65	1655	1655-6		
3 months	1548-50	1540-2	1560/1544	1547-8	1550-2	273 lots
Zinc ($ per tonne)						Ring turnover 1,050 tonne
Cash	1600-5	1640-50		1580-600		
March 30	1590-600	1608-10	1460	1560-70		17,843 lots

LME Closing £/$ rate: SPOT: 1.6165 3 months: 1.5988 6 months: 1.5511 9 months: 1.5385

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	399-399½	246½-247
Opening	400½-401	244½-245
Morning fix	399.70	245.516
Afternoon fix	399.50	246.176
Day's high	400½-401	
Day's low	397¼-397¾	
Coins	$ price	£ equivalent
Mapleleaf	410-415	253-256
Britannia	410-415	253-256
US Eagle	410-415	253-256
Angel	410-415	253-256
Krugerrand	398-401	245-247
New Sov.	93-94	57-58
Old Sov.	93-94	57-58
Noble Plat	508.15-516.20	312.90-317.86
Silver fix	p/fine oz	US cts equiv
Spot	314.60	510.85
3 months	325.60	521.60
6 months	332.10	532.80
12 months	363.65	555.90

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1500	70	86	35	52
1550	45	63	58	75
1600	26	45	90	105
Copper (Grade A)	Calls		Puts	
2500	135	128	53	118
2550	107	106	73	140
2600	82	86	98	166
Coffee	May	Jul	May	Jul
700	56	84	23	29
750	31	56	48	51
800	15	36	82	81
Cocoa	May	Jul	May	Jul
650	75		4	
700	36	57	17	24
750	15	31	44	48
Brent Crude	Apr	May	Apr	May
1900		38	37	35
1950	21	16	21	63
2000		7		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Mar	398.0	400.0	398.0	398.0
Apr	401.6	401.9	401.8	398.0
Jun	407.2	407.3	407.3	404.3
Aug	412.5	412.7	412.5	409.8
Oct	417.0	417.9	417.0	418.5
Dec	422.8	423.1	423.3	421.0
Feb	427.5	428.4	427.5	425.8

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	503.5	505.6	503.5	499.0
Jul	509.5	511.2	509.5	506.0
Oct	513.1	517.2	513.7	512.0
Jan	519.4	523.7	519.4	0
Apr	526.0	530.3	526.0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Mar	509.0	511.2	510.0	508.0
Apr	511.6	513.8	0	0
May	515.8	517.8	517.0	514.5
Jul	524.5	526.1	525.5	522.5
Sep	533.0	534.6	534.5	532.0
Dec	543.0	546.3	546.0	542.5
Mar	557.0	558.2	557.0	0
Jul	572.0	574.7	572.0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	122.20	121.20	123.10	122.10
Apr	117.70	117.90	119.00	117.70
May	115.10	115.90	117.95	115.00
Jun	113.90	112.70	114.30	113.90
Jul	111.30	111.60	113.20	110.90
Sep	106.30	107.60	108.50	108.30
Dec	104.20	104.00	104.50	104.20

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Mar 9	Mar 8	mnth ago	yr ago
	1919.5	1906.6	1773.9	2005.5
DOW JONES (Base: Dec. 31 1974 = 100)				
	Mar 8	Mar 7	mnth ago	yr ago
Spot	133.58	132.96	126.13	137.81
Futures	135.17	134.64	129.76	141.61

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Apr	20.67	20.79	21.00	20.60
May	20.81	21.01	21.18	20.81
Jun	20.94	21.11	21.24	20.90
Jul	20.90	21.07	21.19	20.85
Aug	20.81	20.94	21.05	20.75
Oct	20.70	20.75	20.86	20.66
Nov	20.67	20.73	20.80	20.60
Dec	20.63	20.70	20.80	20.62
Jan	20.68	20.68	20.78	20.68

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Apr	5490	5534	5570	5460
May	5375	5451	5490	5360
Jul	5340	5364	5420	5310
Aug	5390	5440	5480	5400
Sep	5505	5554	5580	5500
Oct	5570	5624	5670	5570
Nov	5690	5694	5760	5690
Dec	5735	5764	5820	5740
Jan	5760	5786	5860	5780

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1100	1125	1105	1097
May	1073	1098	1090	1067
Jul	1084	1107	1100	1080
Sep	1096	1117	1112	1093
Dec	1120	1145	1138	1119
Mar	1140	1165	1150	1133
May	1163	1176	1169	1162

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	95.18	102.60	101.00	95.25
May	95.85	102.17	100.80	95.75
Jul	97.85	103.65	102.00	97.85
Sep	99.09	104.96	103.60	99.00
Dec	100.98	106.60	104.75	100.60
Mar	102.80	106.60	106.00	102.80
May	104.75	109.00	107.00	0
Jul	109.25	114.50	110.00	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	15.75	15.82	15.76	15.55
Jul	15.59	15.86	15.60	15.40
Oct	14.93	14.77	14.97	14.82
Mar	13.92	13.84	14.02	13.83
May	13.81	13.58	0	0
Jul	13.77	13.60	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	72.30	72.37	72.47	71.80
Jul	72.80	72.73	72.78	72.15
Oct	67.20	67.23	67.20	66.75
Dec	65.75	65.80	65.90	65.32
May	67.00	67.10	67.05	67.00
Jul	67.30	67.45	67.30	

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	190.50	190.25	191.20	189.00
May	190.80	192.50	191.95	190.05
Jul	189.25	190.25	189.85	187.20
Sep	184.50	184.30	184.60	183.10
Nov	177.50	178.00	177.00	176.50
Jan	172.00	172.50	171.60	171.50
May	172.00	172.45	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	587/2	581/4	587/4	581/0
May	601/0	594/4	601/0	593/6
Jul	614/0	607/4	614/0	606/4
Aug	616/0	612/0	616/6	611/4
Sep	616/0	612/0	616/6	612/0
Nov	622/0	618/6	623/0	616/0
Jan	633/4	628/6	632/4	627/4
Mar	643/4	639/0	643/4	637/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	22.21	22.16	22.30	22.00
May	22.34	22.24	22.40	21.96
Jul	22.30	22.19	22.37	21.96
Aug	22.10	22.00	22.12	21.80
Sep	21.88	21.70	21.90	21.55
Oct	21.60	21.42	21.60	21.27
Dec	21.40	21.27	21.45	21.12
Jan	21.30	21.15	21.30	21.12

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	167.0	165.7	167.7	165.7
May	171.8	170.1	172.1	170.3
Jul	176.6	175.0	177.0	175.2
Aug	179.0	177.3	179.1	177.7
Sep	181.0	178.8	181.0	180.1
Oct	183.6	181.5	183.2	182.0
Dec	186.8	185.5	186.8	185.5
Jan	189.0	187.0	188.0	189.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	243/0	242/6	244/4	242/4
May	250/0	249/4	251/4	249/0
Jul	254/6	254/4	256/0	253/6
Sep	254/4	253/0	254/4	252/2
Dec	254/0	252/4	254/0	251/2
Mar	260/0	258/6	260/0	257/4
May	262/0	261/0	262/0	261/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	383/0	393/4	384/0	382/0
May	353/6	355/4	355/2	352/4
Jul	340/6	342/0	341/4	338/2
Sep	346/0	348/2	348/0	345/0
Dec	359/0	360/4	359/4	357/0
Mar	367/6	369/0	367/6	365/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	77.62	77.27	77.80	77.32
Jun	72.52	72.30	72.77	72.25
Aug	72.32	72.07	72.52	71.97
Oct	73.80	73.80	73.85	73.65
Dec	74.25	74.22	74.25	74.05
Feb	74.25	74.10	74.35	74.10

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	51.92	52.07	52.22	51.75
Jun	56.47	56.67	56.60	56.20
Jul	55.97	56.27	56.15	55.77
Aug	53.75	53.97	54.00	53.70
Oct	48.12	48.32	48.30	47.95
Dec	48.57	48.72	48.72	48.45
Feb	48.05	48.32	48.25	48.05
Apr	45.85	46.00	46.00	45.85

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	50.95	51.37	52.90	50.50
May	51.82	53.25	53.90	51.55
Jul	52.10	53.42	54.30	51.95
Aug	50.55	51.80	52.50	50.40
Feb	56.15	57.27	57.30	56.00
Mar	56.50	57.50	0	56.50

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling comes under pressure

A STRONG dollar continued to dominate the foreign exchanges yesterday with sterling suffering from heavy selling pressure and losing ground, in spite of active intervention by the Bank of England. The Japanese yen also remained out of favour and was supported by the Bank of Japan for the eleventh straight trading day.

The pound started to lose ground about a week ago, following disappointing UK trade figures. It has continued its decline as the British Government has suffered from a series of setbacks and declining popularity, according to opinion polls. It is not clear whether a wave of violence, in protest at a new local taxation system will cause more damage to the Government or opposition Labour Party, but the uncertainty is contributing to rumours about Mrs Margaret Thatcher's position as Prime Minister and has increased the pressure on sterling.

In nervous trading the pound fell 2.40 cents to $1.6185 at the London close, and weakened to DM2.7575 from DM2.7950. Sterling also declined to FFr9.3275 from FFr9.4450; to SFr2.4475 from SFr2.4775; and to Y245.00 from Y247.75. Its index shed 1.1 to 86.6.

The dollar was underpinned by a larger than expected rise of 372,000 in February US non-farm payrolls. A gain of about 225,000 was forecast, but the strong figure was largely the result of special factors, including the re-employment of laid off car workers and mild weather keeping more construction workers employed during the winter. Impact on the currency market was, therefore, muted.

A US newspaper report that the Bush Administration is displeased with the Federal Reserve's refusal to cut interest rates, and will not re-appoint Mr Alan Greenspan as Fed chairman when his term expire in August 1991, was denied by the White House and also had little impact on the market.

The yen was weak, with the dollar rising above Y151.00 again. In Tokyo the Bank of Japan sold around $500m as the dollar rose to its highest level since August 1987.

In London the dollar improved to Y151.80 from Y150.80. It also advanced to DM1.7040 from DM1.7020; to SFr1.5115 from SFr1.5085; and to FFr5.7625 from FFr5.7500. The dollar's index climbed to 68.3 from 68.1.

The lira stayed at the top of the European Monetary System, but finished within its agreed limits against the weaker members, including the French franc.

Average currency values against the dollar in February were: sterling 1.6963; D-Mark 1.6753; yen 145.61; Swiss franc 1.4789; and French franc 5.6892.

£ IN NEW YORK

Mar.9	Latest	Previous Close
£ Spot	1.6470-1.6480	1.6388-1.6398
1 month	0.94-0.93pm	0.92-0.91pm
3 months	2.75-2.72pm	2.67-2.65pm
12 months	9.70-9.60pm	9.57-9.47pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6160-1.6425	1.6180-1.6190	1.03-1.01cpm	7.56	2.68-2.65pm	6.59
Ireland†	1.5625-1.5690	1.5635-1.5645	0.48-0.45cpm	3.49	1.58-1.48pm	3.92
Canada	1.1750-1.1815	1.1790-1.1800	0.50-0.53cdis	-5.24	1.33-1.36dis	-4.60
Netherlands	1.9110-1.9195	1.9185-1.9195	0.06-0.09cdis	-0.49	0.20-0.25dis	-0.53
Belgium	35.25-35.50	35.40-35.50	3.00-9.00cdis	-2.04	12.00-22.00dis	-1.92
Denmark	6.50¾-6.53	6.51½-6.52	2.35-2.55oredis	-4.51	6.05-6.55dis	-3.86
W. Germany	1.6960-1.7065	1.7035-1.7045	0.05-0.03pfpm	0.28	0.03-0.01pm	0.05
Portugal	150.00-150.35	150.10-150.20	97-107cdis	-8.14	310-330dis	-8.52
Spain	109.05-109.45	109.20-109.30	61-66cdis	-7.00	172-182dis	-6.47

POUND SPOT- FORWARD AGAINST THE POUND

CURRENCY RATES

CURRENCY MOVEMENTS

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Mar.9	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
H Fl.	0.322	0.521	0.888	78.90	3.004					
Lira	0.491	0.785	1.394	120.3	4.579					
C $	0.525	0.850	1.449	128.7	4.899					30.12
B Fr.	1.744	2.825	4.809	427.2	16.27					100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.6185	1.6083	1.5919	1.5662	1.5230
D-mark	2.7575	2.7330	2.7117	2.6715	2.6030
French Fr.	9.3275	9.2856	9.2245	9.1275	8.9675
Swiss Fr.	2.4475	2.4335	2.4110	2.3747	2.3119
Yen	245.00	243.23	240.39	235.93	228.15

MONEY MARKETS

London rates firm

INTEREST RATES rose on the London money market yesterday as sterling came under further pressure on the foreign exchanges. Three-month interbank firmed to 15⅝-15½ from 15$\frac{9}{16}$-15¼ per cent, and 12-month money rose to 15⅝-15½ from 15$\frac{5}{16}$-15$\frac{3}{16}$ per cent on increased nervousness about the pound and the UK political situation.

Trading in short sterling was active and nervous on Liffe. The June contract opened weaker at 84.82. This was almost the day's peak, and from there short sterling fell sharply to close just above the day's low at 84.67, on fears of a possible rise in bank base rates if pressure on the pound continues.

UK clearing bank base lending rate 15 per cent from October 5

Day-to-day credit was in fairly short supply, and the Bank of England did not appear to provide enough help to fully relieve the situation. The authorities initially forecast a shortage of £800m, but revised this to £850m at noon, and to £750m in the afternoon. Total assistance of £645m was provided.

Before lunch the Bank of England bought £488m bills outright, by way of £257m bank bills in band 1 at 14⅞ per cent; £9m Treasury bills in band 2 at 14⅞ per cent; and £222m bank bills in band 2 at 14⅞ per cent. In the afternoon another £157m bank bills were purchased, in band 2 at 14⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £678m, with a rise in the note circulation absorbing £470m and bank balances below target £95m. These factors outweighed Exchequer transactions adding £440m to liquidity.

At the weekly Treasury bill tender the average rate of discount for 91-day bills rose to 14.5884 from 14.4945 per cent. The £500m bills on offer met applications of £1.047bn, down from £1.89bn last week. The average rate of discount on £200m of £182-day bills rose to 14.2288 from 14.0470 per cent. These received applications of £349m, against £591m last week. Next week a total of £700m 91-day and 182-day bills will again be on offer.

In Frankfurt call money edged up to 7.85 from 7.80 per cent, as banks increased their reserves before large seasonal tax payments drain funds from the money market next week. Reserve holdings for the first seven days of March averaged DM63.5bn, but it is too early to judge the likely figure for the whole month.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

FT LONDON INTERBANK FIXING

3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⅞	offer 8⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

BANK RETURN

ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,034,401,181	+	13,478,745
Notes in Banking Department	5,598,819	-	3,478,745
	15,040,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	10,038,243,590	+	28,718,455
Other Securities	4,990,741,310	-	16,718,455
	15,040,000,000	+	10,000,000

BASE LENDING RATES

	%		%		%
ANZ Bank	15	Co-operative Bank	*15	Nat Westminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Duncan Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptns.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Beachcroft Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm Bk N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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LONDON MARKETS

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Chestergate § ....fin	nil	-	3	2.3	5
Pegasus Group § ....int	3.5	Aug 3	3.375	-	11.2
Perry Group ....fin	6.25	July 2	6.25	9	9
Palon § ....fin	1.4†	May 11	1.2	2.4	1.2
Reckitt & Colman ....fin	19.1	July 5	16.35	29.75	25.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	-	128	123	ABI Leisure 10p	124	+1	R4.7	3.3	5.1	8.1
§14	F.P.	-	16	15	♦ADG Group 5p	16	+½	b0.5	3.7	4.2	5.4
-	F.P.	-	508	485	Abtrust New Euro. I. T.	493	+3	-	-	-	-
-	F.P.	-	1½	¾	♦Atlantic Res. Warrants	1¼		-	-	-	-

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Mar 5
- Last Dealings Mar 16
- Last Declarations June 7
- For settlement June 18

For rate indications see end of London Share Service

Calls in: Oliver Res., Tuskar Res., Iovicta Sound, Central & Sheerwood, Aviva Pet., Eurotunnel Warrants, Premier Cons., Robertson Group, Kwik-Fit, Sherlton, Next and Conroy Pet. Puts in: Blacks Leisure and Leading Leisure.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included 8

London County 2½% Cons Stk 1920(or after) – [illegible]

Greater London Council 6½% Stk 90/92 – £96 ½

[illegible]

Liverpool Corp 2½% Red Stk 1923(or after) – [illegible]

[illegible]

UK Public Boards

[illegible]

Commonwealth Government

[illegible]

Foreign Stocks, Bonds, etc–(coupons payable in London)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Banks and Discount Companies
No. of bargains included 2667

Ansbacher(Henry)Hldgs PLC 5% Cnv Subord Ln Stk 1996 – £70 (2Mr90)

[illegible] $A1(50% Pd&Rkg 50% Div Till 30/9/90) – 147 (2Mr90)

Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – [illegible] (2Mr90)

[illegible]

Breweries and Distilleries

[illegible]

Commercial, Industrial, etc

[illegible]

Financial Trusts, Land, etc

[illegible]

Unit Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Property

[illegible]

Insurance

[illegible]

Investment Trusts

[illegible]

Plantations

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water

[illegible]

Miscellaneous Warrants

[illegible]

USM Appendix

[illegible]

10p – 187 90

[illegible] PLC Ord 5p – 93 4 6 7

8.75p(Net) CnvCumRedShs of Prf Stk $0.10 – 105♦

[illegible] Group PLC New Ord 10p – 190♦

Savage Group PLC 8.5% (Net) Cum Red Cnv Prf £1 – 48♦

SelecTV PLC Ord 1p – 12

Sheldon Jones PLC Ord 25p – 90

The Third Market Appendix

[illegible]

Rule 535(2)

[illegible]

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

[illegible]

Olimet A$0.21 (7.3)

Overseas Chinese Banking Corp S$13.35

[illegible] Gold Corp £1.45 (6.3)

Selangor Properties M$3.08305

Singapore Land £4.7.5524 6

Sky Line Explorts £1.98♦ (7.3)

Tai Cheung Properties 28 (5.3)

Vamgas A$2.76104,2.764576 (5.3)

Vultan Minerals A$0.251 (6.3)

Westfield Minerals 67970

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LONDON STOCK EXCHANGE

Share prices decline with the pound

A FALLING pound, seemingly reflecting wider international concern with the UK Government's electoral prospects in the face of increasingly riotous public opposition to changes in local taxation, brought a sharp reversal of fortunes on the UK stock market yesterday. Early gains were wiped out as sterling came under pressure and UK Government bonds extended the day's losses to 1⅞ at the longer end.

Political concern was fostered by a report in a British newspaper that some Cabinet Ministers had considered ousting Mrs Thatcher, the Prime Minister. The rumours were firmly denied, but not before a spate of bogus reports in the City that the Prime Minister had resigned.

Account Dealing Dates		
*First Dealings:		
Feb 26	Mar 12	Mar 26
Option Declarations:		
Mar 8	Mar 22	Apr 5
Last Dealings:		
Mar 9	Mar 23	Apr 6
Account Day:		
Mar 19	Apr 2	Apr 17

*New time dealings may take place from 9.00 am two business days earlier

Equities opened firmly on the back of a £45m buy programme and a sizeable buy order left overnight by a US mutual fund. But a 13-point Footsie gain was swiftly translated into a 17-point fall as sterling crumbled. However, although Seaq volume jumped to 549.1m shares from Thursday's 436.7m, traders said that selling pressure was not heavy. Share prices were falling on nervousness as international investors backed away.

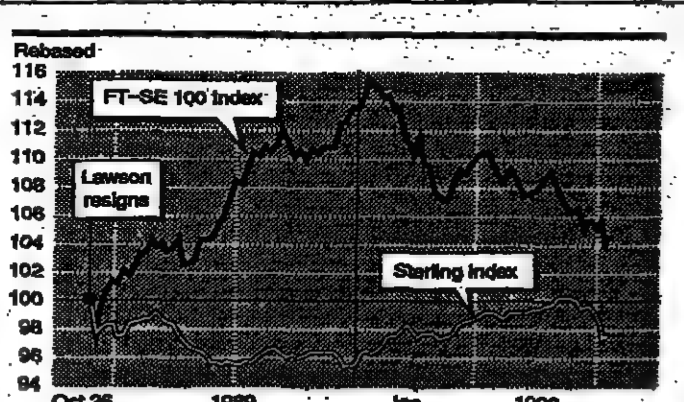
The UK market tried to rally again towards the close but was discouraged by a dull opening on Wall Street. The final reading showed the FT-SE Index with a day's fall of 15.7 at 2,234.3, which represented a return towards the lower end of the current trading range of 2,200 to 2,300.

Yesterday marked the close of the current equity account and the opening of the trading period which spans Budget Day on March 20. This week has seen the Footsie Index shed 20.5 points (0.9 per cent).

The downturn has mirrored the fall in sterling (see chart) sparked off by poor showings by the Thatcher Government in UK public opinion polls and then by the display of public opposition to the government's local taxation proposals. The equity market has not always following sterling's progress slavishly, but it has seldom been able to ignore the pound's progress over any protracted period.

Kleinwort Benson, notably bearish on the UK market in contrast to many other securities houses, pointed yesterday to "sterling and politics" as new factors supporting its cautious stance. County NatWest, however, commented that sterling was significantly lower at the end of December without prompting the dreaded increase in UK base rates. S.G. Warburg still believes that 15 per cent will prove the peak for base rates, but adds: "The prospect of an early cut (in rates) is virtually non-existent".

Most strategists in the London market remain relatively bullish, with UBS Phillips & Drew this week predicting that the FT-SE Index will reach 2,500 by mid-year.



Smithkline's "A" shares firmed 5 to 521p.

The recovery in the water stocks was halted by the general weakness of the equity market. Even Severn Water, which at first moved up to 146p as investors continued to recognise the company's lack of involvement in the North Sea dumping problem, ended the day 5 lower at 140p.

Thames Water, exposed to higher capital costs to meet the North Sea curbs, came under pressure again as sterling's fall restrained European investors, slipped 5 to 148p. Northumbrian Water fell to 149p on similar considerations and North West Water (149p) also came back.

The Water Package suffered a reversal of fortune, dipping 30 to £1543.

Buying ahead of Monday's dividend payment put STC up 8 to 272p on turnover of 5.3m shares. The shares also continued to benefit from a Kitcat & Aitken buy note.

Unitech climbed 8 to 392p on speculation that Dr Tito Tettamanti, the Swiss businessman, was adding to his stake in the company. Pressac rose 10 to 73p after the resignation of its chairman.

Both Racal Telecom and its sister company Racal Electronics lost ground early in the session as several brokers downgraded profit expectations for both companies.

James Capel shaved expectations for the year to March 1990 to £208m (£215m) for Racal Electronics, and £164m (£174m) for Racal Telecom. Mr Stephen Owen at James Capel said he had cut his forecast "due to the increase in cellular retailing costs" which would affect both companies. But, he added, "in the long term this is favourable as the costs are due to an increase in subscribers." The shares later rallied with James Capel reported to have been doing the buying. Racal Telecom closed a net 2 down at 371p while Racal Electronics closed 3 off at 211p.

British Gas fell again after cautious press coment on its proposed Canadian acquisition and as analysts at BZW trimmed their profit forecast for the current year in response to the warm weather. Gas slipped 4 to 210½p.

An early seller of Enterprise Oil set dealers' tongues wagging over the perennial subject of ICI's likely sale, sooner or later, of it 25 per cent stake in the company. The seller failed to find a buyer, said one trader, and the price fell 17 to 599p as a consequence.

Kingston Oil and Gas was one of only two stocks in the oil and gas sector to show a rise on the day – it added 2 at 143p – after presentations at two securities houses.

Vickers continued the previous day's rise the shares adding 6 to 220p, as the market awaited further developments about the future of Rolls-Royce motors, which 18.2 per cent stake holder IEP Securities has proposed be demerged from Vickers.

Rolls-Royce added a penny to 175p, helped by buyers ahead of next weeks results.

"New-time" buyers were attracted to FKI on speculation that GEC was about to bid for the company. The shares firmed up 4 to 65 as 6.3m shares were traded, including a block of 1.3m shares which was part of the programme trade. The company's directors were said to have been in the market shopping for stock earlier in the week.

Perry Group lost 11 to 154p as the company reported a 40 per cent profits setback to £5m. Mr Sandy Morris at County NatWest said: "the figures were a clear indication of the difficult trading conditions being faced by motor distributors."

Hartwell were wanted and the shares edged forward a penny to 156p, just above the 155p of the Jameel offer. James Capel representing the Jameel group was said to have been in the market shopping for stock but dealers said other investors were coming in ahead of the offer's close on Monday to benefit from the dividend payment promised if Jameel wins control. One trader said: "This will be a close run thing."

Talk of a switch out of NatWest into Midland weakened the former 5 to 337p and left the latter unchanged at 328p. Volume in NatWest and Abbey National, unchanged at 194p, was boosted by an overnight programme trade.

Among the merchant banks, S. G. Warburg was down 9 at 449p, as worries persisted about the slower pace of UK mergers and acquisitions.

Trading in P & O returned to more normal levels after a line of almost 5m was placed on Thursday. Some 612,000 changed hands as the shares recovered part of the week's losses to 583p, an improvement on the day of 3.

ADT continued to suffer from the poor reception given to the annual figures on Thursday. The shares lost another 4 to 186p.

A gloomy statement included with the company results weakened USM listed Psion. The shares dived 68 to 185p. The company reported an increase in full year profits from £2.6m to £3.3m this year.

Higgs & Hill went against the trend, rallying 6 to 387p on market theories that the shares were due a bounce after recent weakness.

News that the company had received a number of proposals which might involve either the injection of new equity or could lead to an offer being made gave some comfort to holders of troubled stockbroking concern Parrish.

The shares moved away from their all-time low, established earlier this week following speculation of a possible bid of 20p a share, to close 3 up at 38p.

Authority Investments jumped 10 to 78p as Mr Geoffrey Grantor increased his total trustee stake to 5.2 per cent.

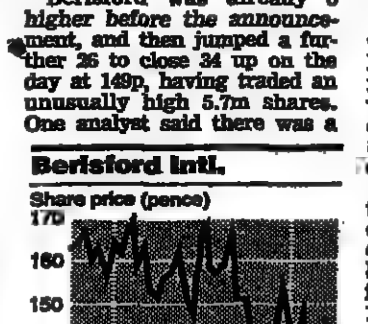
ASB Barnet Kinnings, which is quoted on the third market, tumbled on the warning of a trading loss for the year to December and probable omission of a dividend. The company and its sponsor are discussing various proposals involving the introduction of further capital which will enable it to expand the business within the current structure. The shares ended 19 down at 43p.

■Other Market statistics, including the FT-Actuaries Share Index, Page 11. Traded options, page 12.

Berisford higher on bid talks

Berisford International, the sugar and property group, jumped almost 30 per cent yesterday following an unexpected announcement that it was in talks which could lead to a bid. The market was given a further surprise when Mr Ephraim Marguilies, Berisford's chairman, announced he had resigned.

Berisford was already 8 higher before the announcement, and then jumped a further 26 to close 34 up on the day at 149p, having traded an unusually high 5.7m shares. One analyst said there was a suspicion in the markets that Mr Larry Goodman, the Irish businessman, had been increasing his stake. There was also talk that another Irish institution or company had been building a Berisford stake.



Speculation as to who Berisford is talking to focused on its main stakeholders. A. B. Foods, which holds 23.0 per cent, was one possibility though the more likely candidate was thought to be Mr Goodman, who has 11.8 per cent. Analysts thought that the departure of Mr Marguilies may clear the way for Berisford to finalise talks and was a further bullish piece of news for the market. They estimated that a successful bid would have to be at least 140p per share. Some reports suggested that a European sugar company might be interested. A. B. Foods closed 14 higher at 400p, having traded a light 350,000 shares.

R and C US move

An unexpected $1,250bn US acquisition by Reckitt and Colman, and the accompanying £200m convertible capital bond rights issue, left the company's shares sharply lower early in the day.

But the stock staged a steady recovery against the trend for the rest of the session as analysts looked closer at both the results – in line with expectations – and the agreed purchase of American Home Products' household products division.

Their conclusion was that this is the kind of energetic deal that Reckitt should be doing. The shares clambered back from their low of 1112p to finish near the day's best at 1120p. The eventual net decline of 9 was in line with the wider market, and turnover was above average for the stock.

Three factors contributed to one of the biggest rises of the day among FT-SE 100 stocks from ICI. First, dealers reported buying by income funds ahead of Monday's exdividend date. Second, the company said earlier in the week that it wanted shareholders' approval to buy back up to 10 per cent of its shares, so sellers were few and far between. Finally, the weakness of the pound against the dollar encouraged dealers in London to mark prices higher to keep up with New York where a significant proportion of the shares are traded.

Sterling's weakness underpinned other internationally traded stocks such as Unilever and BAT Industries, both 4 better at 649p and 809p respectively, and Reuters, a penny to the good at 1038p.

Currency factors also helped Glaxo and Smithkline Beecham, although both were additionally boosted by other factors. Nomura changed its recommendation on Glaxo from hold to buy on the grounds that the growth in sales of its best selling drug Zantac was holding up better than expected. "Losec, the major new competitor, is clearly gaining market share at the expense of Smithkline Beecham's Tagamet and not Zantac," said Nomura. Analysts there also raised their forecast for next week's interim figures but said that the gain would be wiped out in the second half.

Smithkline benefited from stories saying that the latest tests on a genetically engineered competitor to its heart drug, eminase, showed it not to have significant advantages. Glaxo added 12 at 712p while

FINANCIAL TIMES STOCK INDICES

	Mar 9	Mar 8	Mar 7	Mar 6	Mar 5	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	78.98	77.79	77.79	77.85	77.88	86.76	89.29 (5/2/89)	78.98 (9/3/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	87.16	87.18	87.41	87.41	88.12	93.35	99.59 (15/3/89)	87.18 (9/3/90)	105.4 (28/11/47)	50.53 (6/1/75)
Ordinary Share	1763.6	1774.4	1757.0	1745.7	1755.6	1724.9	2008.6 (5/9/89)	1447.8 (3/1/89)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	275.8	283.5	295.5	282.8	276.5	187.8	378.5 (8/2/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2234.3	2250.0	2230.3	2218.0	2230.5	2103.0	2463.7 (5/1/90)	1782.8 (3/1/89)	2463.7 (5/1/90)	986.9 (23/7/84)
Ord. Div. Yield	4.89	4.87	5.03	5.02	5.00	4.39				
Earning Yld % (full)	11.73	11.70	11.88	11.85	11.81	10.76				
P/E Ratio (net) (*)	10.30	10.33	10.21	10.18	10.24	11.26				
SEAQ Bargains (5pm)	26,182	26,808	24,187	25,150	24,203	36,147				
Equity Turnover (£m) †	-	788.10	762.60	732.58	653.19	1422.40				
Equity Bargains †	-	28,573	22,364	25,577	23,845	40,656				
Shares Traded (mil) †	-	415.2	353.1	344.5	341.2	607.4				

Ordinary Share Index, Hourly changes — Day's High 1794.7 Day's Low 1761.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1784.7	1777.0	1782.6	1785.9	1788.2	1782.8	1764.6	1763.5

FT-SE, Hourly changes — Day's High 2283.3 Day's Low 2230.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2283.3	2253.6	2239.5	2258.4	2257.2	2238.6	2236.6	2233.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, Basis 1000 FT-SE Int 2/1/84. [illegible]

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. [illegible] London report and latest Share Index: Tel. 0898 123001.

GILT EDGED ACTIVITY		
Indices	Mar 8	Mar 7
Gilt Edged Bargains	95.3	85.2
5-Day average	114.3	99.9

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change
Brit. Aerospace	254	486	-6
British Airways	1,200	[illegible]	
British Gas	6,600	210½	-4
British Land	411	340	
BP	7,000	335	-5
British Steel	4,300	137½	
British Telecom	2,200	274½	-1½
Bunzl	240	163	
Burmah Oil	182	605	-6
Burton	2,400	175	-3
Cable & Wire.	3,600	[illegible]	-15
Cadbury	1,700	324	+4
Calor Group	125	[illegible]	-3
Carlton Comms.	825	[illegible]	-5
Coats Viyella	2,200	122	
Hanson	5,800	232½	-1½
Hanson Warrants	189	[illegible]	-1
Harrisons Cros.	857	[illegible]	-1
Hawker Sidd.	61	[illegible]	-5
Hillsdown	2,400	254	-1
IMI	845	217	+2
ICI	822	1118	+16
Inchcape	837	[illegible]	
Kingfisher	1,200	[illegible]	-8
Ladbroke	2,700	[illegible]	+1
Land Securities	627	471	-7
Laporte	135	[illegible]	-4
Legal & General	864	[illegible]	-5
Lloyds Abbey	410	308	
Lloyds Bank	1,800	[illegible]	-2
Rank Org.	787	[illegible]	-11
Reckitt & Colman	1,022	1120	-8
Redland	732	[illegible]	-4
Reed Intl.	1,400	[illegible]	-2
Reuters	705	1038	+1
Rolls Royce	5,800	175	+1
Rothmans	43	[illegible]	
Ryl Bk Scotland	2,800	[illegible]	-3
Royal Insurance	1,300	[illegible]	-2
STC	5,270	272	+8
Saatchi	2,000	139	
Sainsbury	2,200	[illegible]	-1
Scottish & New.	425	[illegible]	-6
Sears	6,300	[illegible]	-3
Sedgwick	1,300	[illegible]	+1
Trusthouse Forte	2,000	[illegible]	-8
Ultramar	[illegible]	[illegible]	-4
Unigate	[illegible]	[illegible]	+10
Unilever	1,600	649	+4½
United Biscuits	1,300	[illegible]	-5
Utd. Newspapers	247	[illegible]	+1
Wellcome	1,250	[illegible]	-4
Whitbread "A"	1,100	373	-4
Williams Hldgs.	1,400	[illegible]	-1
Willis Faber	738	[illegible]	
Wimpey	1,300	[illegible]	-1

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

NEW HIGHS AND LOWS FOR 1989/90

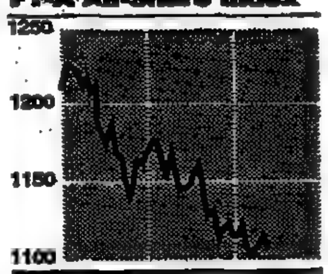
NEW HIGHS (14). BRITISH FUNDS (1) AMERICANS (1) ELECTRICALS (2) INDUSTRIALS (1) Tech. Project Serv., INSURANCE (1) MOTORS (1) PROPERTY (1) TRANSPORT (1) TRUSTS (1) OILS (4).

NEW LOWS ([illegible]). BRITISH FUNDS (57) INT.BANK & O'SEAS GOVT. STLG. ISSUES (3) FOREIGN BONDS (2) AMERICANS (2) BANKS (3) BREWERS (7) BUILDINGS (4) STORES (7) ELECTRICALS (8) ENGINEERING (8) FOODS (4) INDUSTRIALS (16) [illegible], CH Inds., Dobson Park, Harding, Hay (Norman), Halden Tech., Kitty Little, Marling Ind., Maybom Grp., Norton, Savage, Spong, [illegible], Worcester, Young (H), LEISURE (4) PAPERS (3) PROPERTY (10) TEXTILES (3) TRANSPORT (3) TRUSTS (2) OILS (3) OVERSEAS TRADERS (1) MINES (1) THIRD MARKET (4).

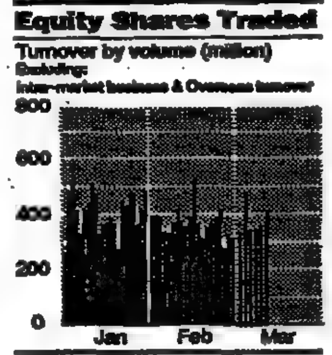
RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	4	88	5	152	293	40
Corps. Dom. & Foreign Bonds	0	9	17	12	36	82
Industrials	292	446	864	1,421	2,262	4,283
Financial and Props	156	166	364	673	907	1,937
Oils	35	26	37	116	137	204
Plantations	1	0	9	5	6	40
Mines	36	48	73	186	189	415
Others	120	42	98	426	298	665
Totals	636	825	1,479	2,989	4,127	7,576

FT-A All-Share Index



Equity Shares Traded



LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday March 8 1990

Water	+	0.19	Motors	-	8.06
Packaging & Paper	-	0.83	Gold Mines Index	-	8.28
Conglomerates	-	1.55	Telephone Networks	-	8.75
Agencies	-	1.82	Building Materials	-	8.88
Metals & Metal Forming	-	1.87	Consumer Group	-	9.11
Banks	-	2.27	Electricals	-	9.42
Food Retailing	-	2.42	Brewers and Distillers	-	9.59
Merchant Banks	-	2.48	Contracting,Construction	-	9.74
Electronics	-	2.90	Other Industrial Materials	-	10.19
Oil & Gas	-	3.94	Food Manufacturing	-	10.21
Chemicals	-	4.32	Insurance(Brokers)	-	10.31
Engineering-General	-	4.50	Insurance(Life)	-	11.08
Stores	-	4.50	Investment Trusts	-	11.28
Other Groups	-	4.79	Property	-	11.54
Transport	-	5.61	Health & Household Products	-	11.98
Textiles	-	6.34	Leisure	-	12.45
500 Share Index	-	6.98	Engineering-Aerospace	-	13.02
All Share Index	-	7.30	Publishing & Printing	-	13.38
Industrial Group	-	7.46	Insurance(Composite)	-	13.82
Financial Group	-	7.78	Overseas Traders	-	16.33
Capital Goods	-	7.87			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-14	-18/32	13.48	12.99	12.71
		10.500	5/99	89-12	-1 9/32	12.48	11.99	11.39
		9.000	10/08	81-16	-1 27/32	11.41	10.95	10.48
US TREASURY *		8.500	02/00	99-04	-14/32	8.63	8.53	8.30
		8.500	02/20	98-26	-18/32	8.61	8.54	8.33
JAPAN	No 119	4.800	6/99	86.7193	-0.090	7.18	7.16	6.65
	No 2	5.700	3/07	90.8037	-0.425	6.90	6.79	6.31
GERMANY		7.125	12/99	89.7500	-0.400	8.88	8.88	8.15
FRANCE	BTAN	8.000	10/94	90.3790	-0.020	10.73	10.84	10.57
	OAT	8.125	5/99	87.9300	-0.020	10.19	10.27	9.87
CANADA *		9.250	12/99	90.8000	-	10.80	10.65	10.18
NETHERLANDS		7.500	11/99	89.7500	-	9.12	9.15	8.57
AUSTRALIA		12.000	7/99	93.0870	+0.352	13.30	13.55	12.73

London closing. *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Lead and zinc prices set the pace

LEAD AND zinc prices set the pace on the London Metal Exchange this week as concern about tight supplies consolidated the recent strengthening in market sentiment.

The dramatic rise in the cash lead price – up more than £120 in the preceding two weeks – had been expected to attract substantial deliveries into LME warehouses and an increase of about 2,000 tonnes in exchange stocks had been projected. So Monday's announcement of a stocks rise of just 750 tonnes prompted only a £3 fall in the cash price to £565.50 a tonne and the three months delivery price rose £7 to £455.50 a tonne. With the 8-month closure of and 84,000-tonnes-a-year Nuova Samim smelter in Sardinia and other smaller supply disruptions continuing to discourage sellers the trend for the rest of the week was clearly bullish. The cash price closed yesterday at a 10-year high of £672.50 tonne, £104 higher on the week, while the three months price was up £51 at £499.50 a tonne, an 8½-year high.

Shearson Lehman Hutton's London metals team still sees some mileage in lead's bull run. "Most of the factors behind the recent rally are still with us," it says in its latest Metals and Mining Weekly Review. "Indeed, the supply problems have worsened." The review points out that Asarco has joined the list with the announcement of production losses at its Glover plant in Missouri during December and January. Shearson also notes rumours of production problems in Morocco.

Supply worries were also responsible for this week's $120 jump in the cash special high grade zinc price to $1,652.50 a tonne and the widening of the premium over the three months delivery price from $49 to $103 a tonne. LME stocks remain below 55,000 tonnes (compared with 80,000 tonnes at the beginning of the year) despite a modest rise last week.

A further fall of 4,475 tonnes to 78,875 tonnes in LME copper stocks last week helped to lift the cash price to a 3-month high on Monday. That level was gradually trimmed back until the announcement on Thursday afternoon that workers at Southern Peru Copper planned to start an indefinite strike on Monday. That news served to wipe out most of Thursday's earlier fall and yesterday it set the market firmly back on the upward course. By the close the cash quotation was at £1,641 a tonne, up £56.50 on the day and £95 on the week.

Before the Southern Peru news Shearson's review had suggested that "speculative fervour is likely to push the price higher in the short run, although we continue to expect producer forward selling to limit the upside – unless there is a major supply disruption."

At the London bullion market the gold price sank gently to the bottom end of this year's trading range. At $399.25 a troy ounce it was down $3.75 on the week, but still above the support level around $395 an ounce.

Dealers said investment interest in the precious metal had slackened, while the firmer dollar and higher equity prices were also weighing down the market.

Silver followed gold down and the spot bullion market price was fixed at a 4½-month low of 510.85 cents an ounce, down 6.15 cents on the day and 2.15 cents on the week.

London's leading soft commodities markets all gained ground this week, with sugar reaching a 3¾-month high, cocoa a 4½-month high and coffee a 5-month high.

Unrest in the Ivory Coast has caused nervousness at the London futures market as that country is the third biggest producer, after Brazil and Indonesia, of the robusta type traded in London. But a change in market sentiment had been apparent before that factor arose.

"Every piece of bullish information has been siezed on," commented one analyst. "Things that people were ignoring two months ago now seem important."

Ivory Coast worries also influenced the cocoa market where the May futures position ended £10 up on the week at £722 a tonne. The uptrend was set in New York, where technical factors strengthened the market.

Sugar's upsurge lifted the London daily raws price by $29 to $374 a tonne. Expectations of increased Chinese buying had been encouraging the rise and a late boost was given by a forecast from F.O. Licht, the West German sugar statistics agency, of a 99,000-hectare rise in European plantings this season, well below the 150,000-hectare rise that had been talked of earlier.

But traders were not ready to start talking of a possible sugar price boom. That would require at least one more big consumer, such as the Soviet Union, to step up imports or another big supplier to have a reduced crop, they said.

Richard Mooney

APPOINTMENTS

Conoco UK company treasurer

■ Mr Heinz Starke has been appointed treasurer of CONOCO (U.K.) and elected a director of the company. He was director of finance for Du Pont de Nemours Italiana, Milan, and replaces Mrs Susan Stalnecker who has returned to Wilmington, Delaware, as director, business services division, agricultural products department of Du Pont. Conoco is a Du Pont subsidiary.

■ Mr Mike Hensman has been promoted from managing director to vice president UK operations at COGNOS, a subsidiary of Cognos Inc, US.

■ Non-executive directors appointed to NORWEB in anticipation of privatisation are Mr Philip Birch, chairman of BZW Covertible Investment Trust; Mr Alan Cockshaw, chairman of AMEC; and Mr Jock Green-Armytage, joint chairman and chief executive of Kelt Energy. Mr Neville Root, chairman of seven subsidiaries of Walker Greenbank, will become a director of Norweb.

■ Mr Roger C. Witts has been appointed director of finance for NORTH SEA ASSETS.

■ LOWNDES LAMBERT GROUP HOLDINGS has appointed as directors: Mr John Bartington, Mr Brian Blackshields, Mr Michael Caley and Mr David Margrett.

■ THE ACKERS JARRETT GROUP, Wednesbury, has promoted Mr Tony Bowen from chief accountant to group financial director. Mr Geof Homer has been appointed sales and development director. He was a director at Chart Services, and succeeds Mr Neil Stanley who retires, but continues as a consultant.

Mr Simon George (pictured) has been appointed group finance director of GST HOLDINGS, Cambridge. He was financial controller with Athena International.

■ ROCKWELL INTERNATIONAL's automotive operations has appointed Mr Harold Kriven as vice president of its on-highway products - Europe organisation, based in London. He was vice president aftermarket parts and services for on-highway products in North America responsible for axle, brake, clutch and transmission products. Mr Kriven, who becomes responsible for Rockwell products from England, Italy, Germany and Turkey, replaces Mr William Lanie who becomes vice president and general manager for Rockwell's plastic products businesses in Troy, Michigan.

■ Mr Chris Davies has been appointed director of network services at DATA NETWORKS, part of the Sema Group. He was services manager for IBM's information network.

■ Mr Derek Webb, managing director, APOLLO METALS, becomes chairman and managing director of subsidiary Apollo Metals (UK), and joining the board are Mr Keith Ingle, Mr Bruce Maggs and Mr John Stark.

■ Mr Denis Cassidy, a non-executive director, has been appointed chairman of FERGUSON INDUSTRIAL HOLDINGS, succeeding Mr Denis Vernon who becomes a non-executive director. Mr Michael Saint, group finance director, has been promoted to group managing director. Mr Jack Clegg, president of Empery Corporation, a US subsidiary, has joined the main board.

PHILIPS has appointed Mr Barrie Mead (pictured) as group managing director for consumer electronics in the UK. He was commercial manager, overseas division, Eindhoven, and replaces Mr Robert Martijnse who has moved to Eindhoven to take over a senior project managment role in the digital recording group.

■ Mr Taysir A. Sharaf, general manager, Jordan International Bank, has been elected chairman of the ASSOCIATION OF BRITISH CONSORTIUM BANKS, and Mr Gerard Legrain, managing director, International Mexican Bank, becomes deputy chairman.

■ Mr Mike Thorn has been appointed managing director designate of GALILEO UNITED KINGDOM from April 1. He will succeed Mr Paul Nolan who returns to British Airways later this year. Mr Thorne is vice president marketing for Galileo International, Swindon.

■ ASSOCIATED NEWSPAPERS has appointed Mr Kiran B.S. Malik as financial director to succeed Mr Stuart Martin. Mr Malik was financial director of the Daily Mail. Mr Keith Harris has been appointed managing director of Angex, consumer exhibitions arm of Associated Newspapers Holdings, which runs the Ideal Home Exhibition. He succeeds Mr Derek Allison who has resigned for health reasons.

■ GALLIFORD has appointed Mr Chris Wardley as managing director responsible for its main civil engineering and building activities. He was north west regional director, Wimpey Construction U.K.

■ Mr David Richards, general manager, Mr Geoff Wilkinson, chief engineer, and Dr Barrie Coles, manager of the business development group, have joined the board of WARWICK INTERNATIONAL.

■ STANSELL, Taunton, has appointed Mr Michael Foden as managing director following the retirement of Mr Dennis Mattravers.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES

OFFER PRICE

The price at which units may be bought.

BID PRICE

The price at which units may be sold.

CANCELLATION PRICE

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SCHEME PARTICULARS AND REPORTS

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Thornton Unit Managers Ltd (1600)F
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 8545

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
American Opps	5	51.47	52.42xd	55.98	+2.22	0.94
(Accum Units)	5	53.17	53.94xd	57.53	+1.65	0.94
European Opps	5	75.99	76.39	81.32	+1.32	0.00
(Accum Units)	5	76.47	76.66	81.76	+1.32	0.00
Far Eastern Opps	5	138.59	138.66	147.89	+1.94	0.00
(Accum Units)	5	139.17	139.54	148.86	+1.98	0.00
Golden Opps	5	45.00	45.00	47.98	+0.42	0.00
(Accum Units)	5	46.28	46.28	49.36	+0.44	0.00
Int'l Hi-Yield	5	59.49	59.97	63.96	+0.58	4.31
(Accum Units)	5	64.78	65.10	69.43	+0.65	4.31
Sanyo Japan Tst	5	69.65	69.65	74.28	+0.88	0.00
(Accum Units)	5	69.65	69.65	74.28	+0.88	0.00
Kangaroo	5	31.92	31.92	34.04	+0.34	1.51
(Accum Units)	5	32.11	32.11	34.24	+0.35	1.51
Oriental Income	5	34.72	34.72	37.08	+0.30	5.05
(Accum Units)	5	38.92	38.98	41.57	+0.34	5.05
Pacific Technology	5	61.00	61.00	65.06	+0.35	0.00
(Accum Units)	5	61.49	61.49	65.58	+0.34	0.00
Tiger	5	152.97	152.97	163.14	+2.34	0.67
(Accum Units)	5	155.36	155.36	165.70	+2.37	0.67
UK Hi-Yield	5	42.88	42.88	45.72	+0.11	4.99
(Accum Units)	5	49.02	49.02	52.28	+0.13	4.99
UK Opps	5	53.92	56.63xd	60.56	−0.19	1.51
(Accum Units)	5	58.67	61.60xd	65.89	−0.21	1.51

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert Rome, Tower Road, Washington NE37 2SH 091 415 3034

Balanced Portfolio	6	90.32	91.90	97.77	−0.58	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250
4 Hourly Pricing—12 Noon Historic

TR American Gwth	5¼	47.93	47.93xd	51.12	+1.07	0
TR Eur Sp Sits Acc	5¼	43.30	43.30	46.16	+0.90	0
TR Eur Sp Sits Inc	5¼	42.46	42.46	45.27	+0.89	0
TR Far East Opps Inc	5¼	−	−	25.80	—	−
TR Far East Opps Acc	5¼	−	−	25.00	—	−
TR General Growth	5¼	72.50	72.50	77.12	−0.39	2.88
TR Global Tech	5¼	74.97	74.97	79.96	+1.77	0
TR Income Growth	5¼	84.50	85.00	90.42	−0.16	4.59
TR Income Monthly	5¼	53.39	53.39	56.79	−0.16	7.09
TR Japan Growth	5¼	92.53	92.53	98.18	+4.93	0
TR Overseas Growth	5¼	68.86	68.86	73.48	+1.28	0
TR Smaller Cos	5¼	78.22	78.22	83.21	−0.39	3.11
TR Special Ops	5¼	88.10	88.10xd	93.72	−0.48	2.98
TR Mgd Eq Plan Acc	5¼	33.75	33.75	35.90	−0.22	2.32
TR Mgd Eq Plan Inc	5¼	31.65	31.66	33.67	−0.21	2.32
TR Wwide Sp Sit Acc	5¼	37.61	37.61	40.14	+0.69	0
TR Wwide Sp Sit Inc	5¼	37.57	37.57xd	40.10	+0.69	0
TR Pension Portfolios						
TR American Gwth ‡	6	28.64	29.02	30.77	+0.75	0
TR Eur Sp Sits ‡	6	34.32	34.76	36.85	+0.81	0
TR General Growth ‡	6	24.02	24.27	25.73	−0.11	0
TR Global Tech ‡	6	29.41	29.80	31.59	+0.70	0
TR Income Growth ‡	6	24.73	24.99	26.49	−0.20	0
TR Japan Growth ‡	6	28.85	29.09	30.85	+0.64	0
TR Mgd Equity ‡	6	25.92	26.13	27.70	−0.09	0
TR Overseas Growth ‡	6	29.46	29.87	31.66	+0.64	0
TR Smaller Cos ‡	6	18.27	18.46	19.57	−0.16	0
TR Special Ops ‡	6	18.06	18.12	19.22	−0.11	0
TR Stlg Liquidity ‡	6	25.51	25.56	27.04	—	0
TR Wwide Sp Sits ‡	6	30.47	30.90	32.75	+0.60	0

Trades Union Unit Tst Mngrs (1200)H
NLA Tower, Addiscombe Road, Croydon 01-686 4355

TUUT	4	237.5	242.9xd	255.6	−1.11	3.38

Triton Fd Mngrs. Ltd. (1000)H
Royal Ldn. Hse. Colchester CO1 1RA 0206 764400

Triton General	5¼	170.8	173.7	184.8	+1.50	2.74

Tyndall Unit Tst Mngrs Ltd (1600)F
25 Bucklesbury, London EC4N 0800 373874

Austral Value	5¼	42.32	42.32	45.04	+0.07	—
British Lion	5	84.08	84.08xd	89.05	—	3.12
Accum Units	5	89.07	89.07	94.33	—	3.12
Capital Defender	5	46.21	46.21	48.94	+0.02	10.83
Accum Units	5	52.76	52.76	55.89	+0.03	10.83
1992 Eurogrowth Acc	5¼	74.98	74.98	79.41	+1.96	1.07
Income	5	73.41	73.41	77.76	−1.02	5.52
Accum Units	5	80.78	80.78	85.56	−1.12	5.52
Smaller Co's	5	71.56	71.56xd	75.80	−1.04	3.54
Accum Units	5	74.43	74.43	78.83	−1.08	3.54
Tiger Accum H	5¼	73.38	73.38	77.72	+0.04	1.91

UK Unit Trust Managers Ltd (0905)F
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth	5¼	61.55	63.10	67.12	+0.44	2.22
Technical Analysis	5¼	65.65	66.50	70.79	+0.32	1.25

UTAM Ltd (1300)F
1 White Hart Yard, London Bridge, SE1 01-407 5966
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap	5	195.4	195.4	214.8	+1.5	2.91
Friars Hse Inc	5	164.3	164.9	180.6	+1.7	4.61

United Charities' Unit Trusts (1000)H
Walcorn Hse, 252 Romford Rd, E7. 01-534 5544

United Charities	5	188.7	190.1	202.5	+1.4	5.12

Wardley Unit Tst Mngrs Ltd (1000)H
3 Harbour Exchange Sqre, London E14 9GJ 01-955 9058

American	5¼	70.87	70.87	75.79	+1.41	1.3
Intl Growth ‡	5¼	83.74	83.74	89.56	+1.11	0.8
Income ‡	5¼	125.8	125.8	134.5	−0.40	4.8
Japan Growth ‡	5¼	232.0	232.0	248.1	+2.60	0.1
Pacific Perf ‡	5¼	149.2	149.2	159.5	+1.70	0.7
Small Co's ‡	5¼	124.6	124.6xd	133.2	+0.40	1.4
Technology ‡	5¼	34.39	34.39	36.78	+0.47	0.1
Australia ‡	5¼	58.26	58.26	62.31	+1.25	1.8
UK Trust ‡	5¼	168.7	168.7	180.4	−1.20	2.6
European Growth ‡	5¼	77.80	78.54	84.00	+2.52	0.2
Hong Kong ‡	5¼	34.15	34.15xd	36.52	+0.45	1.9
Intl Income ‡	5¼	22.00	22.00	23.52	+0.23	7.3
Tom & Mkn Gth ‡	5¼	43.58	43.58	46.60	+0.99	0.1
British Winners ‡	5¼	25.65	25.65xd	27.43	−0.05	2.6
Japan Smllr Cos ‡	5¼	33.03	33.09	35.32	+0.50	0.1

Waverley Unit Tst Mngmt Ltd (1000)F
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	6	14.51	14.51	15.43	+0.25	0.09
Pacific Basin	6	29.69	29.69	31.58	+0.39	0.60
Can Balncd Gwth ‡	4	45.24	45.24	48.12	+1.07	0.10
Maple Mac ‡	4	0.9491	0.9491	0.9886	+0.008	7.72
Penny Share	6	26.69	26.69	28.39	+0.05	0.58

Wessex Asset Management (1330)F
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

Wessex UK Gwth	4½	105.3	107.3	113.8	—	1.67

Whittingdale Unit Tst Mngmt Ltd
2 Honey Lane, London EC2V 8BT 01-606 3132

Challenger ‡ F	2¼	62.58	62.58	64.32	−0.03	1.37
Short Dtd Gilt ‡ F	1¼	83.46	83.46	84.64	—	5.02
U.S. Govmt Bond ‡ F	1¼	.5828	.5828	.5903	+.0008	0.00

Willbro Financial Services Ltd (0905)F
PO Box 515, 6 Broadgate, London EC2 01-588 7511

Am Friars W'wide	5	187.1	189.9	202.0	—	0.61

Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity	5	54.79	54.79	58.39	−0.10	7.65
European	5	83.77	84.09	89.45	+1.46	0.00
Far Eastern	5	79.30	79.67	84.64	+0.04	0.54
Growth Inc	5	72.76	72.76	77.38	−0.08	1.44
Growth Acc	5	72.84	72.84	77.64	−0.08	1.44
Income Inc	5	73.66	73.66	78.51	−0.22	4.15
Income Acc	5	73.76	73.76	78.63	−0.22	4.15
Property Share	5	45.47	45.47	48.46	−0.31	2.07
Smaller Co's	5	38.29	42.37	44.97	−0.07	2.00
Nth American	5	62.87	62.87	67.02	+1.24	1.46
International	5	48.17	48.17	51.51	+0.79	1.43
Asset Value	5	154.5	154.5	148.23	−0.51	5.36

Wright Seligman Fund Mngrs Ltd (1700)F
11 Blomfield St, London EC2M 7AY 01-588 0592

Intl Growth	5	108.29	108.29	113.99	—	1.36
UK Growth	3	97.48	97.48	102.61	—	2.78
UK Income	5	96.96	96.96	102.06	—	7.34

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Yorkshire General	5¼	55.32	56.56	61.15	+0.06	2.59
YGTM UK Eqty Inc Tst	5¼	56.18	57.29xd	60.93	−0.05	5.40
YGTM Intl Gwth Tst ‡	5¼	54.24	54.24	57.77	−0.36	0.70

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Exmt March 7	353.9	375.1xd	—	0.69
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Feb 28		518.66	—	5.17
Fxd Int Sec Feb 28		128.30	—	11.32
Deposit Feb 28		100.00	—	14.85
Charinco/Charishare‡‡ (1600)F				
39 King William Street, EC4R 9AS 01-280 2800				
C'inco Inc Mar 7	145.9	149.3xd	—	10.96
C'inco Acc Mar 7	646.9	664.0xd	—	10.96
C'share Inc Mar 7	147.9	154.0xd	−2.60	3.70
C'share Acc Mar 7	167.5	174.5xd	−2.90	3.70
CAFINVEST–Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	51.20	52.86	—	4.00
Income	48.75	49.75	—	8.00
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Feb 28		496.69	—	5.39
Accum Feb 28		1692.98	—	−
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Mar 7	137.6	141.1	+6.9	1.89
Managed Mar 7	138.2	143.4	+8.1	2.01
Japan Mar 8	127.8	131.3	−1.1	0.16
Pacific Mar 9	548.5	563.6	+10.5	0.17
Sm Jap Cos Mar 9	576.9	592.8	+24.8	0.07
Fidelity Investment Services Ltd				
Mngd Pens P'folio	128.5	131.0xd	—	0.37
Robert Fleming Asset Mngmt Ltd				
Am Exempt Mar 6	£426.24	432.33	—	2.38
Gen Exempt Mar 6	£126.08	128.71	—	3.82
Jap Exempt Mar 6	£587.87	597.47	—	1.15
Pacific Exempt Mar 6	£101.29	103.48	—	2.29
Cont Euro Exmt Mar 6	£103.29	105.25	—	2.57
Indexed Exempt Mar 6	£115.47	118.38	—	4.62
Amer Indxd Expt Mar 8	£94.88	95.75	—	3.35
Japan Indxd Expt Mar 8	£81.73	83.38	—	0.39
Euro Indxd Expt Mar 8	£108.99	111.19	—	2.78
O'seas Indxd Expt Mar 8	£106.22	108.60	—	2.04
Foreign & Colonial Pens Mngt Ltd				
Exempt Funds				
Anglo-Nippon Mar 5	2030.5	2131.6	+146.2	0.98
European Inc Mar 5	117.7	124.1	+6.3	1.99
European Acc Mar 5	125.5	132.4	+6.3	1.99
North American Mar 5	355.2	375.5	+18.3	1.62
South East Asia Mar 5	332.7	349.2	+10.0	2.73
Funds in Court*				
Capital Feb 28	482.0	484.2	—	2.11
Gross Feb 28	195.9	196.9	—	7.87
High Yield Feb 28	288.0	289.9xd	—	5.94
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	51.22	53.57	+0.15	2.71
Lazard Brothers & Co. Ltd				
Property Feb 1	£2958.0	3108.0	—	5.8
Inc Gth Prp Jan 24	£1525.0	1600.0	—	6.3
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Mar 7	£3917.0	4160.4	—	2.2
European Mar 7	£563.1	574.0	—	1.5
American Mar 7	£339.6	343.0	—	2.0
Far Eastern Mar 7	£673.4	685.9	—	0.8
Australian F Mar 7	£145.1	148.0	—	3.0
Bidlogs Feb 13	£181.0	196.2	—	0.9
Northumbria Feb 12	£159.1	170.4	—	1.7
North West Feb 12	£247.1	268.9	—	0.7
East Coast Feb 15	£76.5	80.8	—	1.4
W Midlands Jan 31	£185.4	200.6	—	1.6
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Property Feb 28		237.80	—	5.95
Equity Feb 28		846.60	—	4.06
Fxd Int Sec Feb 28		90.50	—	10.62
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond	92.10	92.10	—	11.73
(Accum Units)	447.6	447.6	—	11.73
NAACIF Feb 28	−	40.9	—	9.88
MIM Ltd				
Exempt Funds				
Intl Mngd P'Folio	1236.0	1335.0	—	−
Mngd Pens (Acc)	64.9	69.2	—	−
Morgan Grenfell Unit Trust Managers Ltd				
Exempt Funds				
UK Equity † Mar 6	119.4	123.1	—	2.94
UK Small Co † Mar 6	590.4	631.5	—	1.91
Fixed Interest † Mar 6	96.93	97.35	—	8.91
US Small Co Mar 6	137.4	142.5	—	0.00
Managed Mar 6	102.9	108.2	—	0.00
Intl Bond Mar 6	96.88	97.37	—	7.85
Japan Mar 6	84.30	86.44	—	0.00
European Mar 6	95.02	97.86	—	0.00
Nth American Mar 6	93.67	96.92	—	0.00
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
Amer Expt Mar 7	47.8	49.7xd	—	2.26
Euro Expt Mar 7	57.2	60.0xd	—	2.00
Fixed Int Ex Mar 7	42.7	43.9	—	10.66
Japan Expt Mar 7	55.0	57.2	—	0.62
Managed Ex Mar 6	43.0	44.7	—	5.04
SE Asia Expt Mar 7	72.3	75.9	—	1.65
Sm Cos Expt Mar 7	38.1	40.0	—	4.21
UK Eqty Ex Mar 7	39.2	41.1xd	—	4.55
Phillips & Drew Fund Management Ltd				
Small Co's Mar 3	758.0	808.4	−45.0	4.30
Do Accum	817.0	870.8	−48.6	4.30
Int Expt Mar 8	184.8	187.5	—	2.5
UK Index Mar 7	1071	1095	—	4.6
Do Accum	1096	1119	—	4.6
Convertible Mar 5	92.96	94.74	—	8.0
World ex UK Index Mar 5	866.2	878.7	—	1.95
Do Accum	866.2	878.7	—	1.95
Japan Index Mar 5	778.5	790.7	—	0.3
Do Accum	778.5	790.7	—	0.3
USA Index Mar 5	926.6	933.2	—	3.4
Do Accum	926.6	933.2	—	3.4
Europe ex UK Index Mar 5	986.3	1011	—	2.3
Do Accum	986.3	1011	—	2.3
Pacific ex Jap Index Mar 5	939.5	968.4	—	4.7
Do Accum	939.5	968.4	—	4.7
Managed Exempt Mar 8	97.38	99.00	—	0.8
NM Rothschild Asset Management Ltd				
NC Managed	57.5	61.2	+0.4	3.33
NC Property	209.4	227.7	—	−

	Bid Price	Offer Price	+ or −	Yield Gross
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.6	144.2	—	3.36
Stewart Ivory & Co Ltd				
Saints PPP Feb 14	258.6	272.3	—	−
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Mar 1	99.88	105.14	—	3.39
(Accum Units)	100.49	106.79	—	3.46
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1110	1126	—	1.60
TR Exempt Nth Amer	975	989	—	3.30
TR Exempt Pac Basin	947	959	—	0

INSURANCES

AA Friendly Society
Investment Mngt M & G Inv Mngt Ltd

	Bid Price	Offer Price	+ or −	Yield Gross
AA Friendly Sy Mar 9		140.5	−0.6	

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

	Bid Price	Offer Price	+ or −	Yield Gross
Prop. Ser. 1	301.0	316.9		−
Equity Ser. 1	129.1	135.9	+0.9	−
Prop. Acc. Ser 2	464.1	488.6		−
Equity Ser 2	149.8	157.7	+0.3	−
Selective Acc	341.4	359.4	+0.5	−
Prop. Ser 4	362.8	381.9		−
Equity Ser. 4	152.5	160.6	+0.3	−
Man. Ser. 4	438.2	461.3	+1.0	−
Fixed Int. Ser. 4	208.2	219.3	−1.3	−
Indexed Inv. Ser. 4	139.7	147.2	+0.1	−
American Ser. 4	324.3	341.4	+4.2	−
Japan Ser 4	314.7	331.3	+4.6	−
European Ser 4	124.9	131.5	+0.8	−
High Inc. Ser. 4	454.6	478.6	+0.9	−
Money Ser. 4	243.6	256.4		−
Intl Ser. 4	113.9	119.9	+0.7	−
Custodian Ser. 4	102.1	107.5		−
Pension Funds				
Property	648.8	683.0		−
Equity	1221.2	1280.9	+2.7	−
Selective	370.2	389.7	+0.5	−

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 01-534 5544

	Bid Price	Offer Price	+ or −	Yield Gross
Barclaybond	458.9	483.2	+0.8	−
Managed Accum	394.8	415.1	+2.5	−
Equity Accum	580.3	610.9	+1.1	−
Property Accum	332.2	349.7		−
International Accum	315.8	332.5	+4.6	−
Gilt-edged Accum	222.8	234.6	−1.3	−
Money Accum	217.5	229.0		−
American Accum	194.0	204.3	+3.9	−
Australia Accum	174.6	183.2	+0.8	−
Financial Accum	246.5	260.3	+0.4	−
"500" Accum	311.6	328.1	+0.6	−
European Growth Accum	194.6	204.7	+8.7	−
Income Accum	353.7	372.4	+1.2	−
Japan & Gen Accum	422.6	444.9	+4.5	−
Leisure Accum	210.9	222.1	+1.0	−
Spec Sits Fd Accum	147.1	155.3	+0.3	−
Universal Tec Accum	122.1	128.6	+0.1	−
Smaller Co's Accum	118.1	124.6	−0.3	−
Do Initial	109.9	115.7	−0.3	−
Managed Pns Accum	436.2	459.2	+0.5	−
Equity Pns Accum	226.3	238.3	+0.5	−
Intnl Pns Accum	173.1	182.3	+0.8	−
Gilt-edged Pns Accum	357.8	376.7	−1.1	−
Money Pns Accum	358.7	377.6		−
Property Pns Accum	127.8	134.5		−
"500" Pens Accum	100.2	105.5	+0.3	−
Income Pens Accum	110.6	116.5	+0.5	−
Smaller Cos Pens Accum	106.3	111.9	−0.3	−
Special Sits Pens Accum	90.2	95.0	+0.1	−
Financial Pens Accum	96.2	101.3	+0.2	−
Leisure Pens Accum	101.9	107.3	+0.5	−
America Pens Accum	114.3	120.4	+0.3	−
Australia Pens Accum	102.1	107.5	+0.3	−
European Gwth Pens Accum	151.6	159.6	+0.3	−
Japan & Gen Pens Accum	100.4	105.7	+0.3	−
Universal Tech Pens Accum	106.3	111.9	+0.1	−
Pens Deposit Accum				12.0

For prices of Initial Units phone 01-534 5544

Ambassador Life Assce. Co Ltd
80 Holdenhurst Rd, Bournemouth 0202 292345

	Bid Price	Offer Price	+ or −	Yield Gross
Equity Fund Acc	164.8	173.5	+2.6	−

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9 2LA 01-686 6600
Life Funds (Accumulation Units)

	Bid Price	Offer Price	+ or −	Yield Gross
Premier Managed(z)	134.4	142.6	+0.7	−
Alpha Managed(z)	111.6	117.6	−0.6	−
HICA Managed(z)	97.6	102.5	+0.3	−
UK Equity(z)	119.7	126.1	−1.0	−
Deposit(z)	119.9	126.2		−
Property(z)	149.1	157.1	−1.5	−
American(z)	95.8	100.9	−0.3	−
Far Eastern(z)	129.8	134.4		−
International(z)	125.5	132.2	+0.1	−
Fixed Interest(z)	91.5	96.55	−1.1	−
European(z)	114.9	121.1	+0.7	−
Pension Funds (Accumulation Units)				
Premier Managed(z)	181.5	191.1	+0.8	−
Alpha Managed(z)	116.9	123.2	−0.6	−
HICA Managed(z)	101.3	106.5	+0.3	−
UK Equity(z)	130.8	137.8	−1.1	−
Deposit(z)	132.4	139.4		−
Property(z)	176.2	185.6	−1.7	−
American(z)	97.8	103.1	−0.3	−
Far Eastern(z)	130.0	136.9	+0.1	−
International(z)	128.6	135.5		−
Fixed Interest(z)	100.0	105.4	−0.9	−
European(z)	124.0	130.6	+0.9	−
Cash Guarantee(z)	113.9	120.0		−

Initial Unit prices available on request.

Avon Insurance Plc
Tiddington Rd, Stratford-upon-Avon CV37 0789 204211

	Bid Price	Offer Price	+ or −	Yield Gross
Bonus Fund	70.25	72.69		

Laurentian Life plc—Contd.
formerly Trident Life
Life Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Equity Ser 3 Acc	475.3	500.3	−2.2	−
Gtd Managed Acc	333.6	351.2	−1.9	−
Pension Funds				
Pens Equity	638.8	672.4	−3.2	−
Pens Managed	592.5	623.7	−0.4	−
Pens Gilt-Edge	360.4	379.4	−2.8	−
Pens Deposit	372.8	392.4	—	−
Pens Property	563.3	592.9	—	−
Swiss Bond	186.7	196.5	+1.9	−

Legal & General (Unit Assur) Ltd
2 Montefiore Road, Hove, BN3 1SE 0273 824000

	Bid Price	Offer Price	+ or −	Yield Gross
British Opps Accum	112.0	117.9	−0.5	−
Bldg Soc Lkd Accum	139.0	146.4	+0.1	−
Cash Accum	214.8	226.2	—	−
Equity Accum	703.2	740.3	−14.2	−
European Accum	170.8	179.8	+3.1	−
Far Eastern Accum	253.3	266.7	+3.3	−
Fixed Accum	359.6	378.6	−2.1	−
Index-Linked Accum	133.3	140.4	—	−
International Accum	425.8	448.3	+5.6	−
Managed Accum	530.5	558.5	−0.3	−
Nth American Accum	160.0	168.5	+2.6	−
Property Accum	332.8	350.4	+0.1	−
W'wide Opps Accum	109.1	114.9	+0.6	−

Prices for initial Units Tel:0273 824000

Merchant Investors Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or −	Yield Gross
MI UK Fund	339.9		+1.0	−
MI UK Pens	647.3		+2.6	−
MI Intl Equity	383.3		+1.6	−
MI Intl Equity Pens	600.4		+3.2	−
MI International Fund	366.5		+1.3	−
MI Intl Fd Pens	334.2		+2.5	−
MI Nth American Equity Fund	117.3		+1.6	−
MI Nth Am Equity Pens	194.4		+2.4	−
MI Far East Equity Fund	318.7		+0.8	−
MI Far East Equity Pens	430.1		+1.4	−
MI Currency Fund	205.4		+0.8	−
MI Currency Fd Pens	264.9		+1.4	−
MI Index Linked	152.0		−1.0	−
MI Managed Fund	54.4		+0.1	−
MI Managed Pens	54.8		+0.1	−
MI Loran & Loran	214.7		+0.1	−
MI Milton Mngd Fnd	192.2		—	−
Tradition Life Funds				
MI Baring Fd	114.8		+0.3	−
MI Bar American Gwth	115.6		+2.3	−
MI Bar Am Smllr Cos	121.2		+2.3	−
MI Bar Japan Growth	108.6		+1.0	−
MI Bar Jpn Smllr	99.9		+0.7	−
MI Bar Eastern	149.2		+1.2	−
MI Bar UK Growth	105.0		−0.9	−
MI Bar UK Smllr Cos	91.6		−0.1	−
MI Bar Equity Income	112.6		−0.2	−
MI Bar European Gwth	151.0		+1.1	−
MI Bar Convertibles	104.0		+0.2	−
MI Fid American	137.2		+2.1	−
MI Fid Japan	156.9		+2.0	−
MI Fid European	240.7		+2.5	−
MI Fid UK	164.0		—	−
MI Fid Pacific	164.5		+6.5	−
MI Fidelity Fund	154.5		+1.2	−
MI Fid Intl Income	128.6		+0.9	−
MI Fid Int Spec Sits	200.4		+1.6	−
MI Fram Amer Sm Co Fd	120.2		+0.1	−
MI Fram Capital	136.5		+0.1	−
MI Fram Income & Growth	197.4		+1.1	−
MI Fram Intl Growth	149.5		+0.4	−
MI Fram Japan & Gen	245.7		+0.5	−
MI Fram Recovery	188.6		+0.7	−
MI Fram Conv & Gilt	158.9		+0.1	−
MI Fram European	182.5		+0.9	−
MI Fram Amer T'rad	109.9		+0.1	−
MI Fram Financial	126.7		+0.2	−
MI Fram Extra Inc	109.4		+0.4	−
MI Fram Smllr Cos	96.8		−0.2	−
MI Gar American	141.6		+2.3	−
MI Gar European	202.2		+2.8	−
MI Gar British Gwth	184.1		−0.3	−
MI Gar Global	157.3		+1.6	−
MI Gar Special Sits	125.4		−0.2	−
MI Gar Smaller Co's	161.6		+0.4	−

Manchester Unity Assurance
40 Fountain Street, Manchester M2 2AB 061 832 9361

	Bid Price	Offer Price	+ or −	Yield Gross
Equity	106.9	112.6	+2.1	−
Fixed Interest	94.7	99.8	+0.2	−
Money	102.4	107.9	+0.2	−
Managed	103.4	108.9	+1.4	−
Pension and Life Tax-exempt funds				
Equity	108.3	114.1	+2.6	−
Fixed Interest	96.0	101.1	+0.2	−
Money	106.9	112.6	+0.3	−
Managed	105.1	110.7	+1.8	−

ManuLife Group PLC
St George's Way, Stevenage Enquiries 0438 356101

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Ser 1 & 2	513.8	540.8	—	−
Managed Ser 3	95.5	100.5	—	−
Property Ser 1 & 2	529.6	557.5	—	−
Property Ser 3	102.4	107.8	—	−
Equity Ser 1 & 2	617.0	649.5	—	−
Equity Ser 3	95.1	100.1	—	−
Gilt Edged Ser 1 & 2	365.3	384.5	—	−
Gilt Edged Ser 3	89.5	94.2	—	−
Deposit Ser 1 & 2	244.3	257.2	—	−
Deposit Ser 3	99.7	104.9	—	−
Investment Ser 1	264.4	277.6	—	−
International Ser 1 & 2	433.0	455.8	—	−
International Ser 3	96.0	101.0	—	−
Pension Fund Prices				
Managed Init		357.8	—	−
Do. Accum		472.4	—	−
Property Init		402.3	—	−
Do. Accum		563.8	—	−
Equity Init		408.7	—	−
Do. Accum		572.8	—	−
Gilt-Edged Init		211.9	—	−
Do. Accum		307.3	—	−
Guaranteed Init		181.4	—	−
Do. Accum		256.7	—	−
International Init		434.7	—	−
Do. Accum		622.0	—	−
Index Lk. Gilt Init		154.1	—	−
Do. Accum		220.4	—	−
Managed Ser 2	139.8	147.2	—	−
Property Ser 2	170.5	179.5	—	−
Equity Ser 2	128.8	135.6	—	−
Gilt Edged Ser 2	99.6	104.8	—	−
Guaranteed Ser 2	122.1	128.5	—	−
Intl Ser 2	138.5	145.8	—	−
Ind-Linked Ser 2	128.9	135.7	—	−

Merchant Investors Assurance Co Ltd
Part of the MI Group
91 Wimpole St, London W1M 7DA
Life Administration 0272 266366
Pension Enquiries/Unit Prices 01-686 9171

	Bid Price	Offer Price	+ or −	Yield Gross
MI Property		517.4	—	−
MI Property Pens		742.3	+0.1	−
MI UK Equity		212.7	+1.4	−
MI UK Equity Pens		956.4	+7.8	−
MI Gilt-Edged Fund		329.9	+0.1	−
MI Gilt-Edged Fd Pens		644.1	+0.5	−
MI Income		40.4	+0.3	−
MI Income Pens		46.3	+0.4	−
MI Interest Fund		279.5	+0.2	−
MI Interest Fd Pens		409.5	+0.5	−

NM Life Assurance Ltd
Enterprise House, Portsmouth 0705 827733

	Bid Price	Offer Price	+ or −	Yield Gross
American	278.1	292.7	+0.7	−
Australian	303.2	319.1	−1.8	−
CCM Vanguard Mngd	473.4	498.3	+2.2	−
Conscience	100.7	106.0	+0.3	−
Deposit	253.5	266.8	—	−
Equity	100.0	105.2	+0.5	−
European	402.3	423.4	+10.2	−
Far Eastern Growth	230.9	243.0	+2.0	−
Fixed Interest	329.8	347.1	−1.3	−
Income Accum	508.0	534.7	+4.7	−
Income Dist	395.5	416.4	+2.7	−
International	293.2	308.6	+5.4	−
Japan Smllr Co's	542.1	570.6	+7.0	−
Managed	493.3	519.2	+2.1	−
Property	410.4	432.0	—	−
Residential Property	104.5	110.0	—	−
Singapore & Malaysia	232.9	245.1	+2.4	−
Smaller Companies	378.4	398.3	−0.6	−
Special Sits	121.8	128.2	−1.0	−
Tokyo	543.6	572.2	+8.5	−
Universal Managed	110.0	115.7	+0.4	−
UK Equity	428.1	450.6	+3.4	−
US Smllr Cos	103.0	108.4	+2.6	−
Pens AES Mngd	661.2	695.4	−2.2	−
Pens American	301.9	317.7	+1.0	−
Pens Australian	418.6	440.6	−3.2	−
Pens CCM Vanguard	209.5	220.5	+0.9	−
Pens Conscience	105.5	111.0	+0.3	−
Pens Deposit	189.8	199.7	+0.1	−
Pens Equity	724.4	762.5	+6.1	−
Pens European	308.0	324.2	+7.8	−
Pens Far East Gwth	294.8	310.3	+3.4	−
Pens Fixed Interest	318.1	334.8	−0.9	−
Pens Income Acc	277.4	292.0	+2.6	−
Pens International	192.7	202.8	+2.0	−
Pens Japan Smllr Cos	772.2	812.8	+19.2	−
Pens Managed	1461.4	1538.3	+6.8	−
Pens Property	413.0	434.7	−0.1	−
Pens Residentl Prop	112.4	117.2	—	−
Pens S'pore & Malay	300.0	315.7	+4.1	−
Pens Smaller Cos	180.6	190.1	−0.2	−
Pens Spec Sits	183.4	193.0	−1.6	−
Pens Tokyo	713.9	751.4	+11.0	−
Pens Universal Mngd	119.8	126.1	+2.0	−
Pens UK Equity	248.4	261.4	+2.4	−
Pens US Smllr Cos	130.1	136.9	+4.2	−

Prices: Life Series 4 Acc; Pension Series C Acc Mar 9

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 01-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	93.9	98.8	−0.2	−
Pension Managed Fd	93.3	98.3	−0.4	−
Life Deposit Fd	95.4	100.4	—	−
Pension Deposit Fd	95.6	100.6	—	−

Continued on next page

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[illegible]

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 6XF. 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	210.3	221.4	+1.9	—
Target Mngd Pension	129.2	136.1	+0.8	—
Albany Life Acc	184.0	193.6	+2.2	—
Albany Pens Acc	234.9	247.3	+3.8	—

Westcourt Asset Management Ltd
Weston Twr, West Bar Green, Sheffield 0742 754088

	Bid Price	Offer Price	+ or -	Yield Gross
High Inc Bd (Pr Cap)		97.2	—	—
Growth & Income (R H)	157.9	166.3	—	—
Global (MM Schr)	162.9	171.4	—	—
Managed (Target)	101.3	106.7	—	—
Ultra (Royal H)	147.4	155.2	—	—
Pension Fund (Roy H)	119.7	[illegible]	—	—

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

BBV—Hambros Asset Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI 0481 710651

Cigna International Fund Mngrs (CI) Ltd
PO Box 208 St Peter Port, Guernsey 0481 714315

Grofund Invest Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI 0481 710651

[illegible]

JERSEY (SIB RECOGNISED)

Barclays International Funds
PO Box 152, St Helier, Jersey CI

[illegible]

IoM (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

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DUBLIN (**)

OFFSHORE INSURANCES

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndn Money Mngmt Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14.87	–	15.72	3-Mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	14.90	–	15.75	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			01-236 1425	
Call Fund	14.85	11.62	15.94	6-Mth
7-day Fund	14.96	11.60	16.04	6-Mth
Special Fund	14.84	–	16.33	Mth
Dollar	7.00	5.48	7.40	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc	13.50	10.56	14.64	Qtr
[illegible]	13.50	10.56	14.77	Mth
[illegible]	14.00	10.95	15.25	Mth
[illegible]	14.50	11.35	15.94	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-629 [illegible]	
OMNA (£2,001 +)	14.50	11.35	15.94	Mth
HICA (£2,001 +)	13.90	10.88	15.240	Mth
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			01-625 7000	
2,000-9,999	13.75	10.73	14.922	Qtr
£10,000+	14.05	11.00	15.285	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			01-601 6746	
Money Mkt Cheque Acc	13.6	10.64	14.91	Mth

UNIT TRUST NOTES

WORLD STOCK MARKETS

US MARKETS (Closing)

March 8	US$	+ or −
AAR	28¾	+1¼
AMCA	3¼	—
AMR Corp	62½	+⅜
ASA	51⅝	+⅞
Abbott Labs	64⅝	—
Acme Cleveland	9¼	−⅛
Adobe Res	13⅛	−¼
Advanced Micro	9⅞	—
Aetna Life	50⅝	+⅛
Affil Publ.	10¼	—
Ahmanson (H.F.)	19⅞	+⅛
Air Prod & Chem	49⅞	+1⅛
Alberto-Culver	23⅞	+1⅜
Albertson's	56¼	+1⅜
Alcan Aluminium	21	—
Alco Standard	31⅞	+⅛
Alexander & Al	26⅞	−⅛
Alex Baldwin	31	+⅛
Allegheny Power	39⅛	+⅛
Allied Signal	36⅛	+⅛
Aluminium Co of Am	65¼	−⅛
Amax	24⅛	−⅛
Amdahl Corp	15⅞	+⅛
Amerada Hess	49¼	−1⅞
Am Brands	65⅞	−⅛
Am Cyanamid	53⅞	+⅞
Am Elect Power	30⅝	+⅛
Am Express	28	+⅛
Am Family	14⅞	−⅛
Am Gen Corp	30⅛	+⅛
Am Greetings	32⅛	+⅛
Am Home Prod	101¼	+⅛
Am Intl Group	95	—
Am National Insce.	33⅛	—
Am Petrofina	77⅝	+⅛
Am Stores	56⅝	+⅛
Am T & T	41⅝	+⅛
Ameritech	60½	+⅛
Ames Dept Stores	6⅛	—
Ametek Inc	12⅞	+⅛

March 8	US$
Copperweld	16¼
Corestates Finl.	39¾
Corning Glass	44
Corroon & Black	33¼
Crane	22⅞
Cray Research	50
Crown Cork	51¼
Cummins Eng	47¼
Curtiss-Wright	51⅜
Cyprus Minerals	27
DSC Comms	13¼
Daisy Systems	⅛
Dana	32⅞
Data Gen	9¼
Datapoint	2¼
Dayton Hudson	66⅞
Deere	70⅞
Delmarva Pwr & L	19⅞
Delta Air	69
Deluxe Corp.	39⅞
Detroit Edison	25⅞
Diebold	46⅝
Digital Equip	76⅞
Dillard Dept St	70⅝
Disney (Walt)	112½
Dominion Res	44½
Donnelley (R.R)	44¼
Dover Corp	37
Dow Chemicals	67
Dow Jones	28¼
Dravo	13½
Dresser	47⅞
Duke Power	56
Dun & Bradstreet	47
Du Pont	39⅞
Duquesne Light	20¼

Cons Edison	26⅝	+⅛
Cons Freight	17⅞	−⅛
Con Nat Gas	45⅞	+⅛
Cons. Paper	42	+⅛
Cons. Rail	46⅛	+⅛
Cont'l Bank Corp	17⅞	+⅛
Cont'l Corp	29⅞	+⅛
Cont Tel Corp	28⅞	−⅛
Control Data	18⅞	+⅛
Cooper Inds	41½	+⅛
Coors Adolph	18	+⅛

Interco	⅜	—
Intergraph Corp	23	—
Interlake	7⅛	+⅛
IBM	107	+1⅛
Intl Flavours	59	+⅛
Intl Income Pro	17⅛	+⅛
Intl Mis & Chem	58⅞	—
Intl Multifoods	28⅛	—
Intl. Paper	51⅛	+⅛
Interpublic	33⅛	+⅛
InterTAN	41⅞	—

Pacific Telesis	44⅛	+⅛
PaineWebber	16⅛	−⅛
Pall	35⅞	−⅛
Pan Am Corp.	3⅛	+⅛
Panhandle Eastern	28	+⅛
Paramount Comm	45⅛	+⅛
Parker Drilling	10⅛	−⅛
Parker Hannifin	29	+⅛
Pathe Comms.	4⅞	−⅛
Penn Central	26⅛	+⅛
Penney (J.C.)	68⅞	+1⅛

INDICES

NEW YORK

DOW JONES	Mar 8	Mar 7	Mar 6	Mar 5	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2696.17	2669.59	2676.80	2649.55	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.70	90.88	90.76	90.79	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1137.27	1135.31	1148.47	1139.40	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	221.52	219.94	220.95	218.37	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2705.18 (2696.85) Low 2661.26 (2656.08)

STANDARD AND POOR'S

	Mar 8	Mar 7	Mar 6	Mar 5	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	340.27	336.95	337.93	333.74	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	393.02	389.02	389.54	384.49	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	29.13	28.86	28.99	28.72	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	187.35	185.77	186.17	184.15	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	361.51	359.03	358.81	356.64	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	436.50	432.47	432.33	430.15	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar 2	Feb 23	Feb 16	year ago (approx.)
Dow Industrial Div. Yield	4.11	4.26	4.14	3.70

	Mar 7	Feb 28	Feb 21	year ago (approx.)
S & P Industrial div. yield	3.09	3.13	3.16	3.16
S & P Indl. P/E ratio	14.74	14.47	14.32	13.04

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Hilton Hotels	7,789,200	50⅛	− 10⅛
Philip Morris	3,437,100	38½	− ¼
Bard C R	3,350,100	13⅛	− 3⅛
BP	2,590,700	67½	+ ⅞

TRADING ACTIVITY

† Volume	Mar 8	Mar 7	Mar 6
New York	171.142	163.980	143.640
Amex	13.440	13.683	13.716
NASDAQ	145.732	167.546	139.145
Issues Traded	1,966	1,984	1,987

CANADA TORONTO

[illegible]

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

[illegible]

WORLD STOCK MARKETS

AMERICA

Equities ease as employment figures surge

Wall Street

AN UNEXPECTED surge in February's employment figures sent US bond prices sharply lower but had much less impact on the Wall Street equity market, *writes Anatole Kaletsky from New York.*

The Dow Jones Industrial Average opened a few points down and stayed in negative territory for most of the morning, but losses were confined to *about 10* points. The market's relatively small setback, which came after a 26.58-point advance on Thursday, was seen by many analysts as evidence that Wall Street's rally had not yet run its course.

By 2 pm, the Dow stood 13.06 points lower at 2,683.11. Volume was moderate, with 109m shares changing hands by lunchtime and the selling was fairly widespread as declining stocks outnumbered gains by about eight to five.

The equity market's resilience was something of a surprise considering the big losses suffered by bond prices, even before the opening bell. The Treasury's benchmark long bond fell by ¾ immediately after the publication of the February employment figures and continued to languish with *big losses throughout the day.*

The bond market's concern was understandable, since the employment figures were much stronger than expected. Non-farm payroll employment increased in February by 372,000, compared with a consensus estimate of 268,000 published on Thursday by the Dow Jones Capital Markets Report.

To make matters worse, January's job gains, initially reported as 275,000, were revised upwards to 332,000. The figures for average hourly earnings were also distressing to bond investors, since they showed an 0.5 per cent jump in February, compared with a gain of only 0.1 per cent the month before.

Many analysts were prepared to dismiss the February figures as an aberration, as they included big *distortions* connected with auto industry lay-offs and the effects of unusually warm weather on construction jobs. In fact, 97,000 of February's jobs gains were due to car workers returning from lay-offs the month before.

Bearish bond analysts, however, pointed out that January's job figures were reduced by 97,000 because of these lay-offs. Taking the two months together, therefore, the auto distortions had no net effect on the picture of very robust *growth.*

But while bond investors tried to analyse the job figures, equity traders showed little reaction to any of these arguments. The only obvious beneficiary of the strong jobs figures was Navistar, the heavy trucks manufacturer, which gained $⅞ to $4⅞ in exceptionally heavy trading, motivated partly by the company's extreme sensitivity to the US economic cycle. Other automotive stocks were narrowly mixed, with GM up $⅛ to $45, while Ford fell $⅛ to $47½.

Among the blue chips, some of the heaviest trading was in Philip Morris, which fell $⅞ to $37⅞, and IBM, which fell $⅝ to $106⅝. John Deere gained $1 to $71⅞ after a meeting with Wall Street analysts.

USX declined $⅛ to $36⅛ as *arbitrageurs adjusted their* holdings after Thursday's news of a possible spin-off of the company's steel operations. NCNB fell $2⅛ to $41⅛ in response to an analyst's concern about possible losses in its big Texas business.

Canada

THE weakness in bonds following the release of the US employment figures pushed stocks in Toronto down in light trade in the morning session. The composite index fell 12.8 to 3,739.2 on volume of 11.5m.

EUROPE

Individual issues and sectors provide interest

INDIVIDUAL stocks and sectors attracted interest yesterday, but the overall markets were little changed, *writes Our Markets Staff.*

PARIS ran out of steam after a strong and active opening, with the CAC 40 index closing *at 1,921.11, up 3.12, after rising* to 1,941.17. The index gained 3.3 per cent over the week.

The downturn in the afternoon came as Wall Street opened lower. One observer said that investors were uncertain about whether the French market was currently in a technical rally or a genuine upswing. Turnover was believed to be less than Thursday's busy FFr2.9bn.

Raw material stocks continued to rise, with Metaleurop rising FFr4.10 to FFr217.10 on rising lead and zinc prices and CMB Packaging gaining FFr3 to FFr181 in active trading of 228,750 shares.

Profit-taking sent the oil sector lower, with Total losing FFr26 to FFr602 and Elf Aquitaine falling FFr22 to FFr816.

Navigation Mixte, the holding company, rose FFr9 to FFr1,939 after announcing higher profits. Béghin-Say, the sugar producer, gained FFr23 to FFr806 on rising commodity prices and on Thursday's news that Navigation Mixte's sugar subsidiary was buying a stake in Sucre Union.

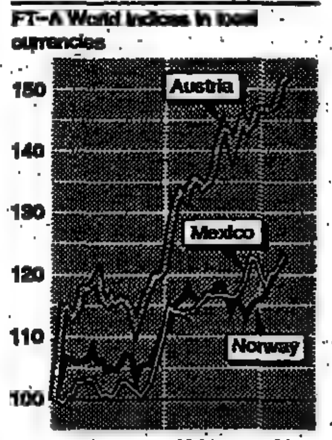
BSN, the food group, picked up FFr14 to FFr746, as the market welcomed Thursday's news of its purchase of RJR Nabisco's Asia Pacific businesses.

Peugeot had a quieter day, as Fiat said that it had no comment to make on talk of a link-up between the French and Italian motors groups. *Peugeot lost FFr7 to FFr828* as volume shrank to 184,350 shares.

SEB, which owns Rowenta, the West German household electrical goods maker, made one of the day's biggest gains, rising FFr47 to FFr1,195. One observer said that this was on its prospects of sales to East Germans; another that the stock was catching up with the rest of the market.

Year's top performers

FT–A World Indices in local currencies



FRANKFURT hit the key 1,860-1,865 resistance level on the DAX index and bounced back to close 2.18 lower at 1,858.74, 2.2 per cent up on the week, after a 7.07 rise to 1,867.99 in the first 10 minutes of trading.

The session was muted, punctuated by a midsession close for the FAZ index of 779.14, up 2.8 per cent on the week but down a barely measurable 0.07 points on the day, as volume fell from DM7.8m to DM6bn.

There were prominent individual stocks, including Volkswagen, up DM6 at DM562 on a 10 per cent rise in worldwide car deliveries in January and February. In engineering, KHD forecast a 150 per cent rise in 1990 operating profits and rose another DM8 to DM278, up 9.6 per cent on the week.

Allianz, the insurance group, rose DM40 to DM2,626 for a DM185 rise on the week. The company celebrated its hundredth birthday by adding a DM4 bonus to an unchanged DM12 dividend for 1989 and making a deep discount, one-for-10 rights issue to raise DM762m against the DM1bn cash call expected by analysts.

AMSTERDAM was little changed in quiet trading, in spite of some further corporate results announcements. The CBS tendency index rose 0.4 to 111.9, a rise on the week of 4.7 per cent.

Heineken, the brewer, closed Fl 1.90 down at Fl 169, but recovered from a low of Fl 168 after reporting a 12 per cent profits rise, higher than analysts' forecasts. Ahold, the retailer, which reports on Tuesday, advanced Fl 3.60 to Fl 118.60.

BRUSSELS closed the week on a bullish note in strong volume, with the cash index up 76.2 at 6,040.5 for a gain on the week of 5 per cent.

Institutions were again active, focusing their buying on blue chips after the Belgian central banks shaved short-term interest rates for the first time since last summer.

OSLO continued to rise and closed at a record high, as it has done every day this week, with the all-share index up 2.19 at 635.98, a gain since last Friday of 3.9 per cent. Turnover was active at NKr598m.

Christiania Bank free shares rose NKr3 to NKr173. The bank, Norway's largest, announced that it will take over Summoersbanken which has been under the control of the country's financial authorities for restructuring.

MILAN saw the Comit index up 3.12 at 666.25 in thin trading, for a 1 per cent rise on the week. Retailers led the way, with Rinascente, up L135 at the official close, adding another L35 to L7590 in late trading.

ZURICH came off early highs and, after scattered profit-taking in the chemicals sector, the Crédit Suisse index fell 2.7 to 608.4 in slack trading, to register a 1.4 per cent rise on the week.

MADRID had a better session than of late, with the general index up 2.26 at 273.44 in improved volume, ending the week 0.8 per cent higher.

VIENNA finished the week steadily, as dealers took profits following a week of record highs. The bourse index fell 0.22 to 722.26 for a rise since the previous Friday of 2.7 per cent.

ATHENS closed at a record in heavy trading, bolstered by positive company results and foreign interest. The general share index rose 20.6 to 675.84.

STOCKHOLM gave up early gains to end another quiet day marginally down, with the Affärsvärlden index 0.9 lower at 1,157.5 to finish a dull week with a loss of 0.5 per cent.

SOUTH AFRICA

NEXT WEEK'S Budget, unrest in the black homelands and a fall in the gold price combined to create a mood of caution in Johannesburg, where the JSE index fell 42 to a preliminary close of 3,120. Nevertheless, the index gained 1.6 per cent over the week.

ASIA PACIFIC

Investment trust buying helps lift Nikkei

Tokyo

UNDAUNTED by a weak yen, investors gave free rein to their bargain-hunting instincts yesterday, and share prices rose strongly on broadly-based buying, *writes Michiyo Nakamoto in Tokyo.*

Index-linked buying supported an early sharp rise of more than 600 points in the Nikkei, which broke above the 34,000 level at the morning close; it lost momentum later and finished with a gain of 302.23 to 33,993.12, just 0.2 per cent lower on the week. The day's high was 34,319.81 and the low 33,724.09.

Advances outnumbered declines by 548 to 427 with 160 unchanged. Turnover improved from 604m to 664m shares. *The Topix index of all* listed shares rose a meagre 3.35 to 2,539.89 and, in London, the ISE/Nikkei 50 index edged up 0.25 to 1,835.76.

Investment trust and individual buying of issues that track the Nikkei index were the main support for the market. Because the March stock index futures contract expired on Thursday, there was less fear of massive selling on the cash market by arbitrageurs unwinding their futures positions.

"The technical factor [of arbitrage selling] that had put pressure on the market has been removed for the time being," said Mr Hiroaki Hanao at Daiwa Securities. "But this does not mean that the market is relieved of all its worries."

Specialised investment trust funds will be aiming to realise profits before the end of their business year later this month. There is concern that, with the market's recent volatility, there could be a considerable fall in the number of new active funds coming to market.

Yesterday saw some return of interest to big steels; Kobe Steel gained Y8 to Y743. Electricals, which had risen on strong earnings prospects, fell *out of favour: Pioneer lost Y110* to Y6,590 and Victor fell Y50 to Y2,900.

Among individual features, Nippon Mining saw a surge of interest on rumours that it had discovered a new vein of gold in Hokkaido, Japan's northernmost island. It was second in volume with 8.9m shares and gained Y61 to Y990.

Issues supported by strong domestic demand were favoured in Osaka, where the OSE average advanced 298.11 to 36,490.66. Volume rose further from Thursday's 101m shares to 104m. The laggard chemicals sector stood out, with Nihon Chemical rising Y260 to Y3,810.

Roundup

BARGAIN-HUNTING vied with profit-taking in the Asia Pacific region, leaving markets mixed.

AUSTRALIA was boosted by stronger markets abroad and domestic bargain-hunting after Thursday's slide. The All Ordinaries index rose 8.7 to 1,579.2 after position-squaring before the weekend brought it off its high of 1,584.9. Overall, the market gained 0.7 per cent in the week, which was dominated by pre-election caution.

Elders IXL was a *focus of* attention. Yesterday 4.46m shares were traded following Thursday's announcement of the group's restructuring. The market had anticipated much of the asset sales news, but viewed the overall plan with some scepticism. Elders IXL fell 7 cents to A$1.61.

NEW ZEALAND ended lower in spite of increased activity. The Barclays index slid 7.18 to 1,796.61. Heavy trade in Brierley Investments, with 3.5m shares exchanged, pushed volume to 9.3m from 7.5m on Thursday. Brierley fell 2 cents to NZ$1.66 after Thursday's half-year profit announcement.

HONG KONG slipped as investors took profits after an early advance. The Hang Seng index eased 3.06 to 2,912.57, for a fall on the week of 0.9 per cent. Turnover grew to HK$1.1bn from the previous day's HK$996m.

Hang Seng Bank gained 30 cents to HK$24.70 after Thursday's late news of an 18 per cent rise in net profits, in line with expectations.

SINGAPORE saw demand for blue chips from institutions lift the Straits Times industrial index by 10.20 to 1,586.18, 2.2 per cent higher on the week. Other shares were mixed, but trading was active, with 128m shares exchanged compared with Thursday's 82m.

SEOUL made a small rebound after recent declines as rumours, including talk of a Cabinet reshuffle, spread around the market. The composite index rose 4.93 to 852.70, for a decline over the week of 3.5 per cent. Turnover shrank to 187.5bn won from 204.5bn.

Black market in ostmark beats W German equities

Katharine Campbell on some curious developments

IN THE curious world of non-convertible currencies, the East German mark (ostmark) has been reacting vigorously to the prospects of currency union with the West, as speculators go about their devious ways to accumulate the rather flimsy and undersized notes.

Black market rates in West Berlin have risen in a straight line, from 16 ostmarks for one Deutsche Mark to five for one in recent months. The First Austrian savings bank in Vienna is regularly emptied of *marks in the first hour of business.* Before the border opened, 100 ostmarks cost Sch63 ($5¼). Now the price is about Sch175.

The Hungarian central bank is known to be worried about the level of purchases; East German customs officers have a massive haul of ostmarks which people had attempted to take out of the country illegally this year.

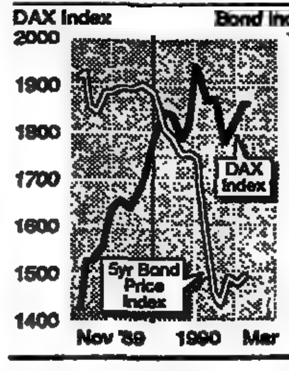
The progress of the West German stock market, still overshadowed by events in the East, has not been so gloriously uninterrupted in recent weeks. An *air of caution,* particularly among overseas investors, has crept in; and East Germany's first free elections next weekend could increase the nervousness over the next few days.

In general, however, the pattern established since the beginning of the year has in no way altered. The basically enduring festive spirit in the equity market, with a rise of 2.2 per cent in the DAX index this week, continues to be mirrored by a persistently weak bond market; bond yields, as measured by the Bundesbank's average index, slightly improved this week at 9 per cent. This relationship, while out of kilter from a historical perspective, is unlikely to change quickly.

Last month, Frankfurt stock exchange participants had become quite agitated at the persistently downward tendencies of the bund futures market on Liffe in London, openly accusing futures traders of ignorance of the Bundesbank's policies. They criticised what they regarded as excessive nervousness at the inflationary consequences of monetary union. The free fall of bond prices was beginning to curb the effortless rise in stock prices, and they felt that things were rapidly getting out of hand.

Since then, there has been a measure of reassessment, and a sense of increasing scepticism about the series of wild estimates of the cost of reconstructing the East German economy. Much the same has applied to the inflationary consequences of union between the two German currencies.

West Germany



This has so far knocked a few basis points off the steep bond yields, and the stock market is continuing its upward path, although with rather more twists on the route. Investors have been content to refocus on the improved prospects for German companies.

The size of the monetary overhang in ostmarks which might be converted and pumped into a largely West German economy is unknown. But it is possible that a portion of these potentially inflationary savings might be frozen for a while, or reorientated into reconstruction bond funds, rather than being released overnight for a wholesale consumer binge.

"Currency reform in West Germany after the war was also a process of feeling one's way forward; again no one really knew the size of the overhang then," says Dr Hermann Remsperger, chief economist at BHF Bank in Frankfurt. This all makes the risk premium in the bond market particularly excessive.

So the parting of the ways between bonds and equities which first manifested itself almost immediately after the border was opened, is thought likely to continue. This defies the argument that historically high, inflation-adjusted yields should have a dampening effect on German companies long before the benefits of a new market in the East make themselves apparent in the profit and loss account.

However, the foreign investors who have whipped the equity market along may be a little less enthusiastic. The vulnerability *of the D-Mark,* particularly to short-term political uncertainties, is one item on the distaff side; and some foreign appetites may have abated slightly, because even the portfolio managers who were originally slow to boost their weightings in German stocks have had time to catch up.

British investment into Germany, for instance, is thought to have slowed in February and, from a short-term perspective, the British market looks like an attractive home for funds in search of a measure of *diversification within Europe.*

At the same time, the Japanese, who have accounted for the largest foreign flows by far into the German market, do not appear to be pulling in their horns in terms of international investment in general and Germany in particular, as a result of the recent Tokyo market break. Rather, events have for the first time in years vindicated the arguments of the internationalists among the Japanese portfolio managers who have called for less dependence on the home market.

Net flows into Germany in December ran to $536m, representing about half the total for the entire year, according to the latest figures from the Japanese Securities Dealers Association of a sample of institutions. There is no sign of this trend abating significantly. Anecdotal evidence suggests that a figure of about $1.5bn had been committed to the German market by the end of January by just half of the Japanese brokerage houses, and it is thought this has probably not been fully invested.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 8 1990						WEDNESDAY MARCH 7 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	139.23	−0.8	125.67	121.77	−1.0	5.51	140.39	126.94	122.97	160.41	128.28	137.25
Austria (19)	276.27	+1.9	249.38	244.04	+1.6	1.09	271.19	245.31	240.15	276.27	92.84	102.23
Belgium (61)	141.40	+2.3	127.54	123.27	+2.0	4.53	138.24	125.04	120.85	160.02	125.58	131.52
Canada (120)	142.58	+0.9	128.43	122.42	+0.3	3.34	142.15	128.59	122.03	164.17	124.67	133.73
Denmark (36)	257.09	+3.3	232.06	226.07	+2.9	1.41	248.84	225.10	221.60	260.82	165.35	167.54
Finland (26)	145.84	+0.4	131.73	122.82	+0.4	2.38	145.32	131.45	122.37	159.16	116.08	142.15
France (125)	148.61	+2.2	135.05	134.94	+1.9	2.79	146.34	132.37	132.39	157.97	112.57	114.88
West Germany (96)	128.47	+1.3	115.96	113.67	+1.0	1.87	[illegible]	114.76	112.58	137.01	79.58	84.16
Hong Kong (48)	119.57	−0.4	107.93	119.91	−0.4	4.88	120.02	108.56	120.36	140.39	86.41	128.41
Ireland (17)	182.47	−0.3	164.70	164.02	−0.8	2.58	182.97	165.51	165.32	198.57	125.00	142.59
Italy (96)	93.96	−0.2	84.82	88.14	−0.5	2.80	94.17	85.18	88.56	102.11	74.97	78.69
Japan (455)	160.82	+0.8	145.17	153.30	+0.5	0.63	159.54	144.31	152.53	200.11	159.43	168.23
Malaysia (36)	237.56	+0.8	214.43	247.53	+0.7	2.15	235.66	213.17	246.87	245.32	143.35	156.89
Mexico (13)	409.41	+4.5	369.55	1161.74	+1.0	0.44	391.79	354.41	1169.87	409.41	153.32	157.98
Netherland (43)	135.81	+1.5	122.59	118.77	+1.1	4.86	133.80	121.03	117.46	145.65	110.83	115.44
New Zealand (18)	64.77	−1.1	58.46	58.48	−1.0	5.90	65.50	59.25	59.08	88.18	61.95	71.91
Norway (24)	245.66	+0.9	221.75	219.07	+0.8	1.50	243.54	220.30	217.48	245.86	139.92	172.87
Singapore (26)	195.72	+0.9	176.66	166.97	+0.9	1.72	194.02	175.50	167.51	199.38	124.57	142.00
South Africa (60)	199.81	+0.4	180.36	166.38	+0.1	3.37	198.93	179.95	166.27	251.39	115.35	134.88
Spain (43)	148.16	+0.6	133.74	122.68	+0.4	4.33	147.28	133.21	122.22	169.75	143.14	146.06
Sweden (35)	178.72	+0.2	161.52	163.11	+0.1	2.36	178.40	161.38	163.02	206.95	156.45	156.50
Switzerland (62)	94.09	+0.3	84.93	87.99	+0.4	2.12	93.81	84.86	87.61	99.12	87.51	76.86
United Kingdom (306)	149.94	+1.1	135.34	135.34	+0.9	4.80	148.32	134.17	134.17	164.31	138.28	149.10
USA (541)	137.61	+0.9	124.22	137.61	+0.9	3.47	136.37	123.36	136.37	146.29	112.15	116.04
Europe (989)	138.09	+1.2	124.65	123.32	+1.0	3.53	136.48	123.44	122.16	146.66	112.65	118.50
Nordic (121)	191.20	+1.5	172.58	165.19	+1.3	1.87	188.29	170.32	163.04	201.89	137.85	148.06
Pacific Basin (667)	158.52	+0.7	143.08	150.77	+0.4	0.81	157.35	142.36	150.11	194.72	157.05	163.60
Euro – Pacific (1656)	150.61	+0.9	135.95	140.05	+0.6	1.82	149.27	135.03	139.17	174.16	141.58	157.67
North America (661)	137.88	+0.9	124.44	136.85	+0.9	3.46	136.62	123.59	135.47	146.66	112.79	120.38
Europe Ex. UK (683)	129.33	+1.3	116.74	115.69	+1.0	2.72	127.72	115.53	114.54	155.73	96.30	99.04
Pacific Ex. Japan (212)	130.39	−0.5	117.69	118.26	−0.6	4.84	131.00	118.49	118.94	140.06	111.93	126.19
World Ex. US (1849)	150.99	+0.9	136.29	140.04	+0.6	1.89	149.65	135.37	139.19	173.77	141.48	156.32
World Ex. UK (2084)	144.71	+0.9	130.62	139.49	+0.7	2.17	143.44	129.75	138.53	162.00	136.98	141.58
World Ex. So. Af. (2330)	144.82	+0.9	130.72	139.87	+0.7	2.40	143.52	129.83	137.88	161.84	136.87	142.28
World Ex. Japan (1935)	138.52	+1.0	125.03	131.89	+0.8	3.54	137.20	124.11	130.60	145.52	114.51	120.19
The World Index (2390)	145.15	+0.9	131.02	139.06	+0.7	2.41	143.88	130.13	138.08	162.05	136.88	142.34

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Yield Int.	Red.

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

1989/90 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's

CANADIANS

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Yld Gr's	P/E
*303	216	ANZ SA1	251	......	44c	1.4	7.9	9.0
195	134	Abbey National 10p	195	+1	8.5	e3.2	6.0	6.9
*282	120½	Allied Irish Ord	251	+4	[illegible]	3.3	3.2	12.9
£13½	£11½	Algemene Fl.10	£12⅞	......	Q28%	2.0	7.2	6.9
*85	61	Anglo Irish	75	......	Q18.7%	2.7	5.9	10.2
81	57	Ansbacher (H.) 1p	78	......	2.5	♦	4.4	♦
£72¼	£38¼	Bancaire Cie Fr100	£60⅞	+2⅞	[illegible]	–	2.2	–
£46½	£35	Banco Bilbao Viz	£37¼	......	Q35.7%	2.0	3.7	13.7
£33	£25¼	Banco de Santander	£25¼	......	Q25%	2.4	4.1	5.5
*286	169	Bank Ireland Ir£1	252	+1	[illegible]	3.2	4.6	8.6
£19½	£17½	Bank Leumi	£19½	......	–	–	–	–
350	345	Bank Leumi (U.K.)	345	......	†13.5	–	5.2	–
125	88	Bank Scotland	119	......	13.8	3.6	4.4	8.3
111¼	93	Do. 9¼pc Irrd Pf	93¼	–½	9¼%	–	13.2	–
*67	49	Bank of Wales	52	......	2.8	1.6	7.2	10.9
*588	404	Barclays £1	587	+1	27.4	e3.6	6.4	5.7
31	19	Benchmark 20p	19	......	1.63	1.0	11.4	10.9
363	285	Brown Shipley £1	313	......	†10.5	–	4.5	–
495	325	Cater Allen £1	412	–1	23.5	–	7.6	–
259	149	Chancery	151	+2	8.0	2.8	7.1	6.7
£23¼	£14½	Commerzbk DM10	£21¼	+⅛	Q18%	–	3.1	–
*£29	£22⅞	C'hgn.Hbk.Kr100	£25¼	+⅛	Q15%	–	5.7	–
£16⅞	£10⅞	Dai Ichi KBk Y50	£10⅞	+⅛	†Q16%	8.8	0.3	38.9
*£31¾	£15⅝	Deutsche Bk DM50	£27⅞¼	+3½	Q24%	–	1.5	–
£22¼	£17⅝	Espirito Santo	£19⅞	......	Q75c	3.3	2.3	13.5
260	182	First Nat. Fin. 10p	218	......	13.0	2.4	8.0	6.7
134	90	FNFC 6.3pc Cv Pf	113	......	6.3%	–	7.4	–
£165⅞	£125⅞	Fuji Bank Y50	£123	+⅛	Q15.6%	4.2	0.2	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

حكمة امنه الأصل

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£17¼	975	DAF N.V. Fl1.5	£16¾	+¼	H02.5	1.8	6.5	6.6
162	113	General Mtrs Units	140	+4	[illegible]	–	5.6	–
*61½	27	March Group 5p	40	–1	[illegible]	–	‡	–
£207	£94½	Volkswagen DM50	£202	+4½	Q20%	2.8	1.7	21.5
£51	£33½	Volvo Kr25	£37	+¼	Q56%	3.1	3.4	9.3

Commercial Vehicles

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*505	201	ERF (Hldgs)	205	.....	15.0	3.7	9.9	3.6
*245	160	Plaxton Grp.	160	.....	8.5	2.1	7.1	16.3

Components

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
438	375	Abbey Panels	430	.....	3.5	10.8	1.1	11.6
290	185	Airflow Streamlines	220	.....	6.0	4.2	3.6	8.8
208	143	Bostrom 5p	175	–8	5.1	10.6	3.9	8.4
299	191	Dowty 50p	201	–3	8.0	2.3	5.3	10.5
261	165	FR Group	165	–1	5.54	3.7	4.5	8.1
*174	74	Kwik-Fit Hldgs. 10p	78	.....	2.4	2.8	4.1	11.6
*725	509	Lucas Inds. £1	486	+5	25.0	2.9	5.6	7.0
*62	14	Spice 5p	14	.....	g1.2	0.4	‡	–

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
21½	11	Scott Pickford 10p	12	.....	d0.38	3.8	4.2	8.1
160	95	Seacon Hldgs.	137	.....	3.15	♦	3.1	♦
51	29	Semperagua	29	–1	–	–	–	6.4
39	20	Sleepy Kids 5p	29	.....	–	–	–	–
*3½	1¼	Swanyard Studios 1p	2½	+¼	–	–	–	12.0
50	28	Tavern Leis. 20p	29	–1	♦	–	–	–
115	28	Tomorrows Leisure 20p	83	.....	–	–	–	30.8
113	35	UPL Group 10p	80	.....	d2.75	1.9	‡	9.4
150	128	Unit Group	140	.....	5.0	3.3	4.6	8.2
100	66	Video Magic Leis. 1p	81	.....	W2.0	0.7	3.3	64.9
14	4	Vista Ents 5p	4	–¼	–	–	–	–
40	15	Vizcaya Hldgs 5p	16	.....	–	–	–	–
46½	23	Whitegate Leisure 20p	38	–½	0.25	1.7	0.9	77.0
32½	10	Do. Wrrnts	32	.....	–	–	–	–
10¼	4¼	Wilton Group 1p	9	+¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ● USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	83	.....
Craig & Rose £1 γ	820	.....
Finlay Pkg. 5p γ	57	.....
Holt (Jos) 25p γ	1243	–2

IRISH

Cap. 8½% Ln. 1991	£96	.....
9pc Cap Ln. 1996	£90	.....
Fin. 13% 97/02	£107½	.....
Arnotts	430	.....
Carrol (P.J.) γ	153	.....
Hall (R. & H.)	185	.....
Helton Hldgs. γ	98	.....
IRG	215	.....
United Drug	165	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp.	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons.	40
Comm Union	40
Courtaulds	31
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds.	52
Marks & Spencer	17
Midland Bk.	27
Nat West Bk.	29
P & O Dfd.	30
Polly Peck	37
Racal Elect.	19
RHM	35
Rank Org Ord.	60
Reed Intnl.	33
STC	29
Sears	9½
SmKl. Beecham A.	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Brit Land	32
Control Secs.	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Aviva Petlm.	5½
Brit Petroleum	24
Burmah Oil	52
Conroy Petlm.	12
Gaelic Res.	4½
Premier	10
Shell	37
Tuskar Res.	10
Ultramar	31

Mines

Lonrho	22
RTZ	45

FINANCIAL TIMES
Weekend March 10/March 11 1990

FINANCIAL TIMES SATURDAY MARCH 10 1990

Ridley to tackle Soviet late payments

By Peter Montagnon, World Trade Editor

MR NICHOLAS RIDLEY, Trade and Industry Secretary, is to ask the Soviet Union to deal with the growing problem of late payments by Soviet enterprises to British exporters during a five-day visit to Moscow that begins today.

His decision to take up the matter follows general representations from several exporters as well as a request to act in "three or four specific cases," DTI officials said yesterday.

The failure of some Soviet enterprises to meet payments due on foreign goods, although not widespread, has already put upward pressure on the cost of its short-term trade borrowings. The country previously had an impeccable record for meeting its foreign obligations on time.

Mr Ridley will be anxious to determine whether the Soviet authorities intend to correct the problem or "whether it's the thin end of the wedge," the DTI officials said. He will meet Mr Stepan Sitaryan, the Soviet Union's top trade official, and senior officials from the Bank for Foreign Economic Affairs (VEB), through which Soviet trade is normally financed.

Among leading exporters, Courtaulds said yesterday that it had experienced delays of up to 60 days, although the log-jam was being cleared. Imperial Chemical Industries said it had experienced some recent delays, but they were "not major."

The Export Credits Guarantee Department said there were problems "with individual Soviet buyers." It said these were not widespread enough to affect the availability of cover.

Exporters say they believe the problem of late payments, which also affects suppliers in other Western countries, reflects deep confusion in the Soviet bureaucracy following the decentralisation of foreign trade rather than a fundamental shortage of foreign exchange.

The rapid expansion of the number of enterprises allowed to engage in foreign trade as part of the Soviet economic restructuring has long been seen as adding to the risk of doing business there, because the newly-independent enterprises are also responsible for raising their own foreign exchange.

Some bankers in the City say the VEB is attempting to discipline the new enterprises by withholding foreign exchange allocations to those which run short because of failure to manage their position properly. Yet exporters say the late payments affect even traditional trading organisations, and some are on short-term trade debt with a VEB guarantee.

Mr Ridley's visit, which was planned before the payments problem arose, created an opportunity to clarify the situation at top level, the DTI officials said. It will help determine whether a more concerted international approach is needed. Similarly, he will be seeking information on the full-scale review of joint venture rules under way in Moscow.

The Soviet Union is openly disappointed at the failure of joint ventures to bring more manufacturing investment and there is now thought to be a backlog of more than 700 venture applications waiting for registration.

In spite of the uncertainty surrounding Soviet trade, the list of companies accompanying Mr Ridley on his mission shows that interest in Soviet business is still high. Besides those with long-standing interests there, the list includes Royal Insurance, British Aerospace, which is discussing civil aircraft deals, GEC, which is seeking railway signalling business, and APV, which has been looking for contracts in the food processing sector.

Gatt upholds Japanese complaint against EC, Page 2

Gorbachev faces double challenge

By Quentin Peel in Moscow

MR Mikhail Gorbachev, the Soviet leader, celebrates his fifth anniversary in power this weekend embroiled in two political battles, which involve die-hard conservatives in his own ruling Communist Party and nationalists bent on independence for the Baltic republic of Lithuania.

The Lithuanian Supreme Soviet, in which the nationalist movement Sajudis commands a two-thirds majority, meets today committed to demanding independence.

In Moscow, Mr Gorbachev has summoned an extended plenary session of the Communist Party central committee, for the second time in a month, to endorse his candidacy to become executive president.

The meeting has to approve the party's strategy for next week's emergency Congress of People's Deputies, the supreme constitutional body, which is to decide on the extent of the new presidency's powers and to abolish or amend Articles 6 and 7 of the Soviet constitution, entrenching the party monopoly on power.

The moves seem certain to run into a fresh wave of opposition from party bureaucrats who saw evidence of the deep-seated popular antipathy to their position in last weekend's republican elections in Russia, Ukraine and Belorussia.

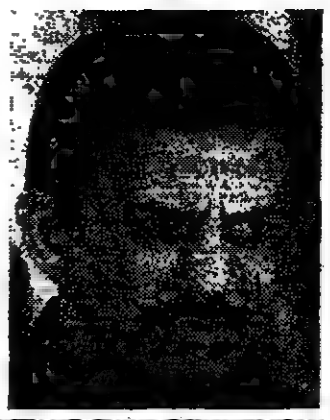
Mr Gorbachev has taken a calculated gamble that the popular backlash will force the conservatives on to the defensive and allow the presidency to be created by default. However he also faces an equal challenge from radical supporters of democratic change who say he is creating a new version of authoritarian rule before adequate democratic controls have been created.

The Inter-Regional Group in the Congress of Deputies, led by Mr Boris Yeltsin and other reformers, will meet today to decide on ways of blocking Mr Gorbachev's presidential ambitions. They need to prevent a two-thirds majority in the Congress, which might be possible if nationalists, reformers and some conservatives were to join forces.

However Mr Gorbachev has conceded a vital clause in the past week, which would give the Supreme Soviet – the standing parliament – power to overrule his presidential veto with a two-thirds majority, very similar to the provision in the US constitution.

The threat of Lithuanian secession, deliberately brought forward to precede Mr Gorbachev's election as president next week, is another factor certain to fuel the conservative revolt. The first meeting of the republic's parliament will be asked to reaffirm the declaration of an independent Lithuanian state, first made in 1918, and from then on to consider itself as an independent entity.

Lithuania lays plans for freedom, Page 2



The Sultan of Brunei: has no evidence Fayeds used his funds in takeover

Sultan 'took no part' in acquisition of Harrods

By David Barchard

THE SULTAN of Brunei yesterday denied having any part in the Fayed brothers' acquisition of the House of Fraser, owner of the Harrods department store in London, and said he had no knowledge of the £500m used to finance the deal.

The statement, issued through a London public relations company, was the Sultan's first public comment since the publication of the Department of Trade and Industry report on the House of Fraser on Wednesday.

The inspectors concluded that the funds with which the Fayeds bought the House of Fraser in 1985 came to them through Mr Mohamed Fayed's association with the Sultan of Brunei. Mr Fayed held a power of attorney on behalf of the Sultan in 1984 during his purchase of the Dorchester, one of London's most famous hotels.

"His Majesty has no evidence that the Fayeds used the power of attorney granted in connection with the Dorchester hotel to further their business interests," the statement said.

It added: "If they did so, either in connection with the House of Fraser negotiations or any other context, they did so totally without his Majesty's authority."

The DTI inspectors said in their report that the Fayed brothers had been consistently unable to provide a credible explanation for the "vast wealth" under their control from the summer of 1984 which was used in the House of Fraser purchase.

The report concluded that while there was no sign the Sultan had known what had happened during the purchase, the evidence pointing to Brunei was very strong and the inspectors had conveyed their findings to the Sultan.

Philip Stephens, Political Editor, writes: Mr Nicholas Ridley, the Trade and Industry Secretary, yesterday faced further criticism of his handling of the report as Conservative MPs joined the Opposition in demanding an early parliamentary debate on the issue.

In a Commons motion tabled by both Labour and Conservative MPs, Mr Ridley's statement on Wednesday was described as "inadequate." MPs called for an early debate on a "matter of serious concern to honourable members on all sides of the House."

Downing Street sought to dispel speculation that Mrs Margaret Thatcher, the Prime Minister, was anxious to distance herself from Mr Ridley's decision not to disqualify the Fayeds as directors. She made it clear in the Commons that the decision had rested with him, but yesterday officials stressed that she had full confidence in his abilities.

Other senior Conservatives, however, made no secret of their dismay and there is speculation among colleagues that he may be forced to retire from the Cabinet before the next general election.

Taurus system expected to save £255m

By Andrew Freeman

LONDON'S International Stock Exchange estimated yesterday that the introduction of Taurus, the planned paperless settlement system for UK equities, will save the securities industry up to £255m over 10 years.

The system, which will lead to faster and more efficient settlement, will cost about £50m to develop over the next four years.

The ISE announced a detailed timetable for the implementation of a settlement blueprint.

Mr Andrew Hugh Smith, chairman of the ISE, said: "We are presenting a framework for the future of UK settlement. In order for London to retain its position as a leading equity market in the European time zone, it is imperative to develop a settlement service which is not only perceived to involve minimum cost and risk, but which also has parallels with other international markets."

An ISE document, A Prospectus for Settlement in the 1990s, published yesterday, gave the fullest description to date of the measures by which Taurus will be introduced, starting in September this year, when full documentation will be issued to users.

It outlined target dates for completion of the main settlement infrastructure, with late 1993 as the deadline for the complete removal of paper from the settlement process. The proposals anticipate that private clients will receive documents indicating their holdings akin to bank account statements instead of share certificates to be surrendered when a sale is made.

The prospectus confirmed that the introduction of rolling settlement would be delayed at least until October 1992, meaning the existing fixed two-week account trading system will remain until then. Rolling settlement will involve a continuous cycle for clearing bargains, with all trades eventually settling after three working days.

In a separate project, the ISE is developing a trade matching system to reduce risk in the UK equity market. The system will be directly linked to Taurus, ensuring that trade information will not have to be keyed in more than once.

Mr Hugh Smith indicated that the ISE would be seeking debt financing for the development costs. Any loans would be repaid out of the estimated annual revenue stream of £35m. More detailed costings for Taurus users are still being prepared and should be announced in mid-April but the ISE stressed that Taurus will be cheaper than the current system.

The ISE has also presented its prospectus at a committee meeting to discuss the possible formation of a single clearing house in London. Mr Peter Rawlins, ISE chief executive, said he would welcome a wider direct involvement in UK settlement.

Preparing for paperless settlement, Page 4

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Hochtief	1314.5	+	21.8
Lahmeyer	1035	+	25
Mannheimer	670	+	15
Rosenthal	346	+	4
Springer	530	+	8
Falls			
Didier-Werke	246.5	–	10
NEW YORK ($)			
Rises			
Deere	71⅞	+	1
Navistar	4⅜	+	⅛
Falls			
IBM	106⅝	–	⅜
NCNB	41½	–	2⅛
Philip Morris	37¼	–	⅞
USX	36⅛	–	½
New York prices at 12.30.			
LONDON (Pence)			
Rises			
Amstrad	54	+	3
A.B. Foods	400	+	14
Authority Inv.	78	+	10
Berisford Int.	149	+	34
Cadbury	324	+	4
Gaelic Res.	21¼	+	4½
Glaxo	712	+	13
ICI	1118	+	15
STC	272	+	8
Unilever	649	+	4½
Unitech	362	+	8
Vickers	220	+	6
Falls			
ADT	186	–	4
ASB Barnett	43	–	19
Enterprise Oil	599	–	17
GEC	206	–	5
Rank Org.	756	–	11
Reckitt Colman	1120	–	9
Rush & Tomkins	180	–	10
PARIS (FFrs)			
Rises			
GTM-Ent.	1300	+	40
Locafrance	530	+	10
Redoute	3099	+	25
Saint Louis	1602	+	54
Falls			
Bouygues	575	–	9
Total-Pet.	602	–	26
TOKYO (Yen)			
Rises			
Iseki	1220	+	130
Japan Resistor	1180	+	170
Jidosha Bushin	1280	+	180
Tokyo Drp.Forge	1670	+	200
Tokyo Rakutnchi	1450	+	200
Toyo Sugar	1250	+	130

WORLDWIDE WEATHER

		Y'day midday °C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	15	59	Dallas †	C	20	68	Madeira	F	18	64	Prague	F	14	57
Algiers	C	16	61	Dublin	F	8	46	Madrid	S	16	61	Reykjavik	S	-4	25
Amsterdam	C	8	46	Dubrovnik	F	15	59	Majorca	F	17	63	Rhodes	S	17	63
Athens	S	18	64	Edinburgh	F	5	41	Malaga	C	16	61	Rio d'Janeiro		–	–
Bahrain	S	21	70	Faro	S	21	70	Malta	C	15	59	Rome	R	13	55
Barcelona	C	16	61	Florence	R	13	55	Manchester	F	7	45	Salzburg	C	12	54
Belfast	F	7	45	Frankfurt	F	12	54	Melbourne	F	21	70	S'Francisco †	S	7	45
[illegible]															

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder. † Noon GMT temperatures.

Sterling Continued from Page 1

ness within the parliamentary party over the Government's prospects for recovery.

Ministers immediately rejected suggestions that there was any plot to unseat Mrs Thatcher, a message repeated by Mr Michael Heseltine, the former Cabinet minister, who is increasingly regarded as a likely successor.

Mr Heseltine said there was no leadership contest and no prospect of one. He denied suggestions that he had been earmarked by other MPs as the next leader.

Sir Geoffrey Howe, the deputy prime minister, acknowledged that the Government was currently unpopular and called on the party not to lose its nerve. He denied claims that the possibility of a change in the leadership had been discussed at Cabinet level.

However, the possibility that Mrs Thatcher might not remain in Downing Street if the Government's fortunes do not begin to improve is being discussed among a growing number of Tory MPs.

In spite of the Government's counter-offensive on the poll tax and some limited success in using the outbreak of town hall violence to deflect some criticism towards Labour, ministers yesterday acknowledged that the last week had brought no relief for its problems.

Kinnock Continued from Page 1

test, claiming that left-wing "toy-town revolutionaries" were forming an "unholy alliance" with right-wing ministers against those intent on peaceful and legitimate protest.

Mr David Hunt, Local Government Minister, said that each day brought new evidence of Labour's association with the violent scenes.

Sir Geoffrey Howe, Deputy Prime Minister, last night attacked the call from Mr Tony Benn, the left-wing MP for Chesterfield, for a Labour government to offer an amnesty to people refusing to pay the tax as "absurd and dangerous."

Talks between Environment Department officials and local government leaders to decide the 1991-92 budgets for local authorities began yesterday.

The discussions, which should be concluded by July, will help determine poll tax levels in what is likely to be general election year. Council leaders want an extra £3bn.

Margulies Continued from Page 1

Berisford shares jumped 34p to close at 149p, to give the company a market value of £717m. The only part of it which would interest most suitors is British Sugar, which dominates the UK market and sells sugar under the Silver Spoon brand.

Some analysts value it alone at more than £1bn, more than the group as a whole, because of the fears of further losses which may arise on the planned disposal of property, financial services and commodities trading businesses.

ABF is not the party in talks with Berisford. Although its £767m takeover bid in 1987 won acceptances from a majority of shareholders, it dropped the offer after the October crash.

One candidate is Goodman International, the privately-owned Irish agribusiness group, which was yesterday adding to its 11 per cent stake before the announcement. But any of several continental European companies could also be interested.

Any takeover of British Sugar would be contentious, particularly if the bidder was based, for example, in France, which has a sugar surplus, because of the potential to undercut Tate & Lyle, the UK cane refiner.

Mr Sclater has been a director of Berisford since 1986.

THE LEX COLUMN

The markets vote against sterling

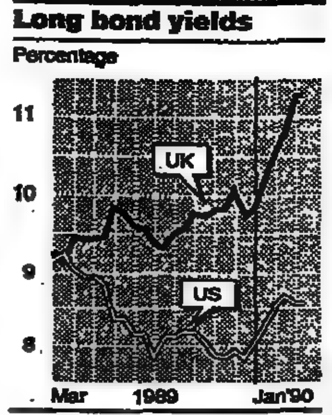
Last month, sterling seemed to be one of the strongest currencies in the world. This week it has gone back to being one of the weakest and the suddenness of the change is unnerving. All it takes, it seems, is for the UK government to hit a rough political patch and sterling can plummet by 4 per cent in a fortnight, long gilt yields head for 12 per cent and foreign investors lose their nerve. In this hostile environment, equity prices find it difficult to move ahead, even though a weaker pound should be good for the corporate sector.

It is a measure of the fragility of international confidence in the UK economy that the slightest hint of political trouble and the attractions of 15 per cent-plus interest rates quickly fade. One-year interest rates have risen by close to 100 basis points, to 15¾ per cent, since the start of the year. But the foreign exchange markets sense that the UK authorities are not going to jeopardise their increasingly slim chances of winning the mid-Staffordshire by-election by raising base rates.

UK equity prices are being buffeted by conflicting forces. This week's results from the likes of GKN and BICC show that the heartland of British industry remains in better shape than many suspected. Meanwhile, Wall Street has been holding up surprisingly well. However, the more than 150 basis point jump in long bond yields since the start of the year is making UK equities look increasingly expensive. Unless the steady rise in gilt yields is reversed, the equity market is not going to move ahead and indeed could move lower. It is all a matter of confidence and this is something that is in short supply.

FT Index fell 10.6 to 1,763.8

Long bond yields



Berisford

If anybody genuinely wants to buy Berisford International, now that its former chairman Mr Ephraim Margulies has at long last shambled off the scene stage-right, then good luck to him, or her. If there are any bidders, they will need some luck because behind Berisford's £717m of market capitalisation lies a mass of question marks about how much it is really worth. The lion's share of Berisford's value has to be made up of its main asset, that colossus of the East Anglian beet-fields British Sugar, generator of £100m of operating profits last year and worth, at a stretch, £1bn.

British Sugar is what would attract one of the continental European sugar companies, which London's rumour mill was naming last night as possible buyers, given that Berisford's largest shareholder ABF is apparently not interested. The snags lurk with Berisford's group-wide net borrowings, standing at some £446m at the last balance sheet date, and its tangled web of loss-making US real estate interests. Given that Berisford itself has been trying to beat a strategic retreat from those areas, a bidder will have to do so too, at who knows what cost.

Taurus

Things are looking up at the Stock Exchange when a white paper on the new high-tech Taurus system for processing share transactions can be understood fairly easily by somebody who is neither an IBM salesman nor somebody with a PhD in company law. The first good point about yesterday's Stock Exchange plans for eradicating the securities industry's back-office paper mountain by the end of 1993 is its lucidity. The second is that, at last, the Exchange is not fudging the financial questions about the long-overdue Taurus system.

Cynics will say that the Exchange and its consultants, Coopers & Lybrand, are giving hostages to fortune in specifying £50m as Taurus's likely development bill and then forecasting the securities industry's likely cost savings at about £53m annually. It is a welcome development, though, when the Exchange is prepared to make a stab at estimating, for instance, that Taurus could save institutional stockbrokers £11.5m per annum, and institutional investors £5.2m.

It would be still better if the Exchange had a clear idea whether any savings would flow through to private investors, who have missed out on post-Big Bang dealing-cost reductions enjoyed by institutions. The best hope for this will be if Taurus gives a shot in the arm to mass retail brokers, like the clearing banks. Yet one thing is clear. Intellectually, the Taurus report kills stone dead the dotty notion harboured by some Stock Exchange member firms that they should dominate decision-making about settlement. The issue is simply too important to be left just to securities houses, rather than to the financial and business community generally.

Reckitt & Colman

Reckitt & Colman already own a hotch-potch of brands, so buying another mixed bag, including everything from barbecue lighters to depilatory creams, probably seems a sensible strategic move. But perhaps the idea that there is a skill called brand management, which can be applied across a wide range of products, ought to be more rigorously questioned.

Reckitt is paying 22 times historic earnings for the Boyle-Midway division of American Home Products which, in an age when brands are deified, is not particularly excessive. However, the group's target of a three percentage point improvement in group margins through integration economies sounds somewhat ambitious, whatever Reckitt's previous success in swallowing Airwick. Indigestion seems just as likely an outcome.

The deal certainly illustrates the stakes involved in the current arguments on accountancy standards. If £150m can be raised from disposals this year, gearing will fall to 55 per cent. But that is only on the basis that one allows Reckitt to capitalise £450m worth of trademarks and to treat £200m of convertible capital bonds as equity. Taking the accountancy authorities' position on goodwill would push the gearing up to 125 per cent; a Saatchi-style plunge in the share price which threatened the likelihood of conversion would move the ratio into the stratosphere. But the latter seems unlikely since the conversion premium is only 12.7 per cent on last night's close – hardly a challenging target for a 15-year bond. And concerned shareholders can take comfort from the fact that interest seems likely to be six times covered in 1991.

Weekend FT

SECTION II

Weekend March 10/March 11, 1990

'A glass of red, Mr Marx?'

Martin Jacques, the Editor of Marxism Today, presents the interview of a lifetime

THERE WAS a knock on the door. "Come in," I called. It was the moment for which I had been waiting. He was slightly shorter than I had expected but no less imposing, with long hair, now mainly grey, and a beard. His complexion was rather darker than I imagined. Of course, I thought: "The old Moor." I offered him a seat, thanking him for making time for the interview. He shrugged his shoulders, looked at the tape recorder with some puzzlement, and waited for me to begin.

"Mr Marx, you wrote in the Communist Manifesto, on the eve of the 1848 revolution, that: 'A spectre is haunting Europe, the spectre of communism.' The spectre haunting Europe now looks more like capitalism."

I began to explain what had happened in 1989, but he interrupted with some impatience. "I know, I know. I have been following events, I don't sleep while I am in the Reading Room." Of course, I thought, seat G7. As he seemed well up with the news I hastily revised my interview.

"What do you think of 1989. Is it the end of communism?"

"Fascinating. A remarkable year. In some respects it is like 1848. An irresistible popular movement in so many countries all at the same time. But this time the revolutions will probably survive. They are revolutions for democracy. I think 1989 is the end of 1917. It is the end of the era of the Russian Revolution. I am afraid it has failed."

I was taken aback by his willingness to jettison so much of what, after all, was done in his name. "But," I responded, "from the late 1860s you yourself looked to Russia as the most likely candidate for revolution."

"I also wrote with Engels that a Russian Revolution might 'give the signal to a proletarian revolution in the West, so that both would complement each other' [preface to a new Russian edition of the *Communist Manifesto*]. That nearly happened. There was almost a revolution in a number of European countries in the years immediately after the First World War, not least Germany, of course. But it was not to be. And then Russia was on its own, a country with a very small proletariat and no democratic tradition. It was a recipe for a cruel authoritarian regime. And that is exactly what happened. We envisaged socialism in terms of emancipation, self-management and the overwhelming majority. But in fact it became the opposite. It was socialism in the name of the people, but in the hands of a small minority."

"But it was done with your ideas, in your name."

"So what," he replied. "Marxism became many different traditions. This was one, and at first it looked a goer. The problem was that it became *the* Marxism. It became the official line. All other schools, like those of the Second International, were cast into outer darkness, were excommunicated. As a consequence Marxism, which had grown up in the West, became indelibly associated with the East, with backwardness, with despotism. Socialism was estranged from democracy. That was a tragedy."

I was surprised by Marx's frankness. But then, perhaps he was a philosopher first and a partisan second, in spite of what it says on his grave in Highgate Cemetery. I pushed him further: "But surely you must take some responsibility for what was done in your name, surely there was an incipient authoritarianism in your own outlook?"

"In our stress on the laws of history and the inevitability of socialism, we gave credence to a certain self-righteousness, an élitism, the idea that the end justified the means. But you can't seriously hold me responsible for what happened under Stalin, for God's sake."

"But didn't your own style of debate and polemic set a rather bad example to your followers? It was marked by a degree of intolerance which was imitated by many, including Lenin."

Marx looked annoyed. Gesticulating vigorously, he said: "It was the culture of my time, especially in the refugee circles in London. Anyway, I can't be blamed for the behaviour of others whom I never met."

"In your writing you saw socialism as the inevitable consequence of capitalism. If you said it once you said it a thousand times. You wrote with extraordinary insight about capitalism, such that today many people who would never dream of calling themselves Marxists are influenced by your ideas. You wrote much about revolutions, particularly 1848 and the Paris Commune. And yet you wrote precious little about socialism. When the Bolsheviks took power, they inherited little more than a blank piece of paper."

"I suppose we assumed that when the moment arrived, it would be relatively clear what needed to be done. We were guilty, I guess, of a certain utopianism. It would be all right on the night. The other reason was that it never seemed like the main priority. It always lay somewhere in the future. Understanding capitalism was always more important than dreaming about socialism."

"OK, then, let's talk about capitalism. You made two predictions. First, capital would become increasingly concentrated, that the private nature of its appropriation would become more and more manifest. And second, the industrial proletariat would grow to represent the vast majority of the population, and thereby become the central agency of a new society, socialism. Now the latter just hasn't happened. The industrial proletariat is now contracting rapidly. And the working population, far from becoming more homogeneous, has in fact grown increasingly heterogeneous."

"Let's be clear about the history first. After I faded from the scene, the industrial proletariat continued to grow with great speed right across Europe. This was true until after 1945. It was only in the 1950s that the industrial working class began to decline as a proportion of the workforce. Moreover, it had become steadily more organised, more class-conscious, just as we had envisaged."

"Your account is valid for Europe, but not so much elsewhere – the US, for example."

"True. But we didn't get the US right more generally. Anyway, that aside, I accept that since the 1950s or thereabouts, the prediction about the growing preponderance of the industrial proletariat began to come unstuck. It is now clear that the growth of the proletariat was the characteristic of a specific era rather than a permanent trend. Now it is in decline. By the end of the century, it will comprise less than 20 per cent of the working population in this country."

"Exactly. Which means that while for a period you were right about the centrality of the working class as an agency of change, that era is over. The working class is in decline. Your historic agency of socialism is no more."

"I agree. This was our greatest mistake. For a period we got it right. In fact we got it right for some 70 years or so after I bowed out. That was no mean achievement. But no longer, history has even caught up with old Marx. What is more, I fear it means our concept of socialism needs rethinking. What does socialism mean without its central agency? I guess it's back to the drawing board."

Again, I was struck by Marx's willingness to look facts in the face, even when they struck at the foundations of his thought. I said as much to him, and he reminded me of his favourite motto: De omnibus dubitandum ("You must have doubts about everything"). It was time for some lubrication. I recalled he was partial to a little red wine. He responded enthusiastically, expressing mild surprise that the Weekend FT *couldn't afford a better vintage.*

He continued: "We have only discussed one of my two predictions. It seems to me the other was remarkably accurate. Whatever the tendencies towards decentralisation within companies, there has been an enormous concentration of capital. Look at the great global companies. Furthermore, I always insisted that capitalism was a revolutionary system. I never suggested that it had exhausted its potential, though I admit even I am surprised by its vitality in the second half of the 20th century.

"It is my turn to quote my writings to you. 'The bourgeoisie cannot exist without constantly revolutionising the instruments of production, and thereby the relations of production, and with them the whole relations of society. Constant revolutionising of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones. All fixed, fast-frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away . . . all that is solid melts into air.' Not bad, eh? And I wrote that in 1848, well before my work on *Capital*. That's not a bad description of the last decade!"

"There is no doubt you were remarkably accurate about the dynamism of capitalism. Indeed, you, more than anyone else, have influenced how people think about it today. At the same time, though, you completely underestimated its capacity to adapt, to bring about an ever rising standard of living. More, you didn't really think it was capable of reform, of becoming something far more humane than it was when you were writing."

Marx leaned forward, poured himself another glass of wine, paused for a moment, and then began: "Certainly I underestimated the capacity of the working class, by collective organisation, to counteract the tendency for its income to stagnate or decline. That is clear. But I slightly contest the second point. Already, well before I took my leave, mass independent socialist parties, generally describing themselves as Marxist, were taking root, and were making some headway in terms of reform. Engels and I both recognised the fundamental importance of universal suffrage. Are you familiar with Engels' introduction to my *Class Struggles in France*, which he wrote in 1895? He argued that universal suffrage had rendered obsolete the insurrectionary methods of 1848 and the Paris Commune. Further, he suggested that the state itself could be reformed from within."

"Nevertheless, the reforms that have been achieved in Western Europe surely go well beyond your wildest dreams. In the latter years of your life, you certainly came to recognise the value of piecemeal reform, indeed you saw it as the best hope at that time, but it was always in the belief that at some point there would be a revolution. Looking back on it now, would you be sympathetic to one of your followers, the revisionist Eduard Bernstein, who became a powerful advocate of gradualism, of seeing the process of reform as rather more important than the ultimate goal, the revolution?"

Marx seemed unsure how to respond. He passed his hand through his beard, then said: "In retrospect, I think I was right until the failure of the revolutions in Western Europe in the early '20s. That marked the end of the possibility of revolution in the advanced capitalist countries. The best option then was the path of reform. The parties of the Second International, like the German Social Democrats, probably offered the best long-term model."

"So, do you see your legacy in terms of the Soviet Union or, for example, Sweden?"

"Both are part of the legacy. But now it is clear that the first has run its course, has failed. On the other hand, the social democratic tradition remains full of historical running." Marx pulled his pocket watch from the left hand fob of his waistcoat. "I must be on my way," he said. "I have to meet someone at Maitland Park Road." [His former home].

"Briefly then, one or two final points. Where does all this leave Marxism at the end of the millennium?"

"Let's be clear, I never subscribed to Marxism. Remember what I said: "All I know is I'm not a Marxist." But I cannot deny now that there is a Marxist tradition. It seems to me that the meaning of 1989 is that the umbilical cord that linked Marxism to 1917 is now broken. Marxism finally becomes pluralistic, it becomes Marxisms. At the same time it loses its exclusiveness. It takes its place alongside other traditions in a position of equality rather than predominance. After more than a century, that's how it should be."

"But what is left?"

"I think we have answered much of this already. I would only add that capitalism is alive and well, and so, therefore, is inequality and injustice. It is all around us."

"Do you have any regrets about your life?"

"Why should I? To quote Hamlet:
'Sure, he, that made us with such large discourse,
'Looking before and after, gave us not
'That capability and godlike reason,
'To fust in us unused . . .'"

I looked up and he had gone. I rubbed my eyes. Was this a dream, or the exclusive to end all exclusives?

The Long View

Bond downturn stirs unhappy memories

BARRY RILEY

Traditionally, equity markets respond only slowly to bond market distress — but they will come into line unless bonds are giving a false alarm

WHERE THE bond markets go, the equity markets will follow in due course. That is what I was taught during the gruelling 1970s; and although life might not be so straightforward in the 1990s, the international bond markets have started the decade with a sharp lurch down.

The most disturbing recent parallel is with the events of the summer of 1987 when bond markets worsened but, for a while, stock markets carried on upwards regardless. That episode ended with the October crash, and the lessons learnt then are causing serious misgivings among equity investors now.

It is true that the Japanese stock market has staged a mini-crash already but, with Japanese government bond yields up from 5 to 7 per cent within the past six months, the stock-bond yield relationships are still out of line. So are they in Germany, where bond yields have reached an extraordinary 9 per cent but share prices are only just off their February highs.

Traditionally, there are lags between the movements of the bond and stock markets. The global bond market can be said to have peaked out around the end of July last year but equities, as measured by the FT-Actuaries World Index, did not reach a high point until the beginning of January 1990.

Bonds are tuned-in much more directly to the economic fundamentals, especially monetary developments. The first whiff of rising interest rates or burgeoning inflation upsets fixed income securities, whereas investors in stocks are distracted by corporate sector fundamentals; remember that profits, dividends and even output are all lagging indicators.

From a British perspective, however, bonds have gone right out of fashion. Long-dated gilt-edged became overpriced hopelessly in 1989, as I pointed out several times during the year; this was, perhaps, inevitable in a year when the Government bought back or redeemed £18bn of its bonds and institutional investors sold eagerly on a 9 per cent yield basis. Now, the return on longs is well over 11 per cent, although this increase does little more than keep track of what has happened overseas: look at France, where government bond yields are over 10 per cent but inflation is 3.5 per cent.

With British inflation thought generally to be heading towards 9 per cent, the long gilt return does not address the UK's inflationary problems fully, let alone the question of where yields might go if the Government were to become an active seller again. In these unpromising circumstances, the average pension fund now has only 4 per cent in sterling bonds whereas so-called "balanced" pension fund managers used to run substantial bond portfolios – amounting, as recently as 10 years ago, to something like 30 per cent of their investments.

In the 1970s, the British bond and stock markets were, therefore, linked very closely. When the Grand Old Duke of York was given his command to lead interest rates up the hill, and down again in short order, the two markets moved in parallel. But that applies no longer.

The linkages remain closer in the United States and, certainly, there has been no reduction in the flow of new Treasury paper. But progressive specialisation of professional investors is taking place; this is the era of niche operators who concentrate on bonds or equities but not on both.

Moreover, decisions to invest in bonds by investment institutions in the US are made increasingly on the basis of asset/liability modelling rather than on investment criteria. That is to say, fixed income securities are used to fund fixed liabilities, with no account being taken of the inflationary risk being borne by, say, a pension plan beneficiary, or of the opportunity cost of passing up what would probably be a higher return in equities. Institutions, therefore, do not respond quickly to changes in the relationship between bond and stock markets.

The possibility that an inefficiency has developed in this respect has not, of course, passed by the vigilant and ingenious US investment community completely. One curious phenomenon of the post-crash period was the temporary vogue for computer-driven tactical asset allocation models, which acquired a sudden retrospective appeal on the basis of simulations. Alas, like all such auto-pilot devices, they do not always work well in unfamiliar territory.

In any case, the US has been rather on the sidelines during the recent global market turmoil. A quiet period for the US economy has meant that Treasury bond yields have risen little, given also the flight to quality after the junk bond debacle and the present "safe haven" status of the US dollar. The relative buoyancy of Wall Street, still within about 6 per cent of its peak, fits in with this.

It is Germany and Japan that pose the problems. Indeed, German government bonds now yield more than those of the US Treasury, which last happened in 1976. Meanwhile, the proportional rise in Japanese bond yields has been especially sharp and has put tremendous pressure on capital values. In both countries, equity-bond yield ratios have moved way outside their historical trading ranges.

There are three possible outcomes. Perhaps the bond markets will realise that the panic has been overdone and yields will retreat again. Second, the outlook for growth and profitability might be so remarkably good as to justify a shift to a higher valuation basis for equities. Or, third, prices of stocks may fall by another 20 per cent or more.

The answer does not have to be the same for both Germany and Japan: the former is facing major structural change, the latter merely the correction of monetary excesses. So far, Japanese stocks are having the tougher time. In both countries, though, equity investors will ignore the warning from bonds at their peril.

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Scrip dividends: beware the hidden costs

Scrip dividends, where you receive shares instead of cash payments, are becoming increasingly popular. But are they really a good idea, asks **John Edwards. Page III**

Uncovering the faceless men

Sara Webb finds the fund managers who matter most to investors in unit trusts while **David Barchard** reports on "phantom transactions" from cash dispensers. **Page VIII**

BES: from cradle to grave

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Minding Your Own Business

Roy Hodson continues his series on banks for small companies with a look at Lloyds, which is finding success with its Small Business Centres. Plus how a gardening fan found happiness with a one-man company. **Page VIII**

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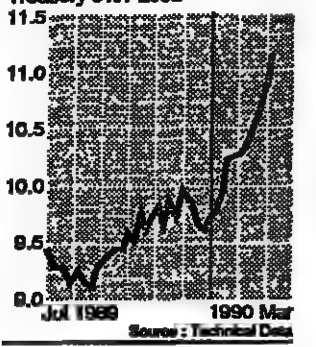
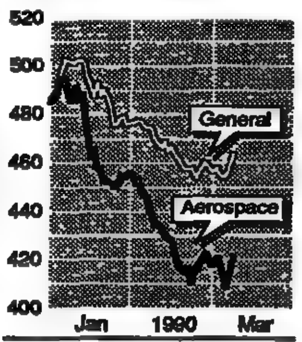
Long gilt yield

Treasury 9% / 2008



Engineering

FT-Actuaries Indices



UK Government bonds show poor returns

UK Government bonds have proved an exceptionally poor investment over the last eight months as long-term interest rates have climbed rapidly from their July low point to the level last seen in 1983. With the rise in rates and the consequent fall in prices, the benchmark Treasury long bond is currently showing a capital loss to investors of around 13 per cent since the middle of last year, while its yield has risen to 11.2 per cent.

The steady increase in yields at the end of 1989 was driven by the increasing strength of inflationary pressures; since then, rates have been propelled more rapidly upwards by fears that the Government may soon switch from buying in gilts to selling new government stock. They have also been influenced by the general increase in rates worldwide. *Terry Dodsworth*

Engineering sector gains

Good results, and positive statements forecasting growth prospects, from GKN and the TI Group lifted share prices in the engineering and aerospace sectors on the London stock market this week. Shares in these sectors have languished for most of this year on the combined effect of the eventual cost of the high interest rates and political developments in Eastern Europe, since many of the leading companies are suppliers of defence equipment. The continuing strike at British Aerospace has also played its part in dampening enthusiasm. Attention is now focused on next week when the big guns, Rolls-Royce and British Aerospace, are due to report results. Also reporting is T and N, and Glynwed International. *Joel Kibazo*

More gloom on house prices . . .

House prices came under renewed pressure in February, according to the latest figures issued by the Halifax building society. It said the annual rate of house price inflation in the UK fell to 1.6 per cent last month, compared with 3 per cent *in January. New house price fell by 0.4 per cent in February* and were virtually unchanged on a year ago. Prices paid by first-time buyers were slightly more buouyant; they rose by 0.4 per cent last month and were 7.1 per cent up on a year ago. The report comments that the recent rise in mortgage rates confirms "our view that house prices will remain depressed in 1990 but a firm recovery in 1991 is still expected." *John Edwards*

. . . and on mortgage arrears

Around 50,000 people in the UK are between six and 12 months in arrears with their mortgage repayments, hit hard by high interest rates. As a result the number of properties which have been repossessed is increasing, according to the Law Society, which urges those people in financial difficulty to act promptly rather than ignore their problems. It advises people who have fallen behind in their mortgage payments to contact their lender as soon as they find it difficult to meet the repayments, if possible to negotiate reduced payments or an extended loan period. However, the Law Society warns against remortgaging without first taking independent professional advice, and advises people not to take on further borrowing as this could result in a commitment to high interest rates on a larger sum for a longer period of time. *Sara Webb*

New shares service set up

Gavin Oldham has left his post as chairman of Barclayshare, the sharedealing arm of Barclays Bank, to set up his own business in Tring, Herts. Called the Share Centre, it will explore ways of introducing improved and more competitive sharedealing services for small investors. *J.E.*

LONDON

Revolt in the shires, gloom in the City

IN 1381 it was probably the value of the groat and the price of wool which suffered; in 1990, another "peasants' revolt," this time against poll tax, is taking its toll on privatisation stocks, sterling and gilts.

This has been a vintage week for political brouhaha, with a ferment of discontent in the English shires and, in the City, the latest and most exciting episode of the House of Fraser saga.

The Department of Trade and Industry report into the ownership of the department store chain was published on Wednesday. Among other things it suggested that we should perhaps rely a little less on the sound advice of City banks and brokers. So what should one make of analysts' suggestions that the FT-SE 100 index is unlikely to drop below 2,200, and that Footsie might recover to more than 2,500 by the middle of the year?

The argument against a breach of the 2,200 level is not so much psychological (remember how easily the last mind-barrier of 2,300 was flattened in the rush four weeks ago?) as arithmetical. When equities reach a yield of nearly 5 per cent, say analysts, even the most bearish shareholders begin to look for reasons to accumulate stocks, albeit slowly. Yesterday the all-share average was some 4.74 per cent and rising.

Investors did cast a tentative plumb-line towards those depths early this week, but hauled it up short at 2,216 on Tuesday.

Poor old sterling, by contrast, seems to have no such support, psychological or otherwise. Where the FT-SE 100 managed to end a turbulent week only 20.5 points down at 2234.3, the pound slumped nearly 8.5 pfennigs against the D-Mark and almost 3.5 cents against the dollar, finishing at DM2.7528 and $1.6165 respectively.

On Monday it was continued concern about German unification and a possible rise in Japanese interest rates which drove investors into the safe haven of US currency. Yesterday, with the pound slipping more than 4 pfennigs against the D-Mark on the day, the concern was more obviously domestic. The market was even prepared to entertain, albeit briefly, a vague rumour that Margaret Thatcher had been forced to resign.

It may appear parochial for global market-makers to pay so much attention to demonstrations outside provincial town halls, but everybody now has an eye trained on the next fortnight: on March 20, the Chancellor will deliver his Budget; 48 hours later the Government will fight a crucial by-election in Mid-Staffordshire on the same day that the February trade figures are published.

It must seem like an awfully slow clock ticking in John Major's office as sterling declines. Mrs Thatcher ruled out an early cut in interest rates on Tuesday; her Chancellor must be hoping he isn't forced to announce an early rise.

Shares in the newly-privatised water companies were a notable casualty of the week, hit by the double misfortune of political uncertainty and the Government's announcement that the dumping of raw sewage in the North Sea would be curbed, loading the extra cost of treatment on to water companies and their customers. The water package – a weighted selection of shares in all 10 privatised companies – lost nearly 8 per cent of its value during the week, closing yesterday at £1,543, down £132, while some individual stocks were down as much as 12 per cent on the week.

Nonetheless it has been a frustrating week for bullish investors, because if you have the self-discipline to ignore the political uncertainty, corporate news in the last five days – particularly from the heavier end of British industry – has been relatively encouraging. It may at least have gone some way towards dispelling fears that investors would only reap a harvest of bad news during the company results season.

On Wednesday, both GKN, the automotive and engineering group, and BICC, the cables group which also owns the Balfour Beatty construction company, announced rises in profits of more than 20 per cent in 1989. GKN was up 21 per cent to £215m, while BICC made £201m, an increase of 29 per cent. Their good news was followed on Thursday by a 31 per cent increase in profits from TI Group, the specialist engineering company which made £111.5m last year.

In a different sector Ladbroke, the leisure group, increased profits by 20 per cent in 1989 and shows no desire to reduce its expansion programme. Also on Thursday, ADT, the Bermuda-registered security and motor auction company, declared its confidence in the equity market – or part of it – by raising its stake in Christie's International, the UK auction house, while at the same time revealing 33 per cent growth in 1989 profits.

Imperial Chemical Industries, meanwhile, implied that investors were being unduly pessimistic about its share price when it announced on Monday that it would seek powers to buy back up to 10 per cent of its shares – the latest in a line of British companies to make such a move.

Companies have also been eager to demonstrate that they are not disillusioned with the climate for deal-making. On Thursday Grand Metropolitan, the food and restaurants group, and Elders IXL, the Australian owner of Courage, said they were close to agreement on a deal which would shake up the British brewing industry. They envisage transferring GrandMet's breweries to Courage and injecting the UK group's pubs into a joint venture with the Australian-owned brewer.

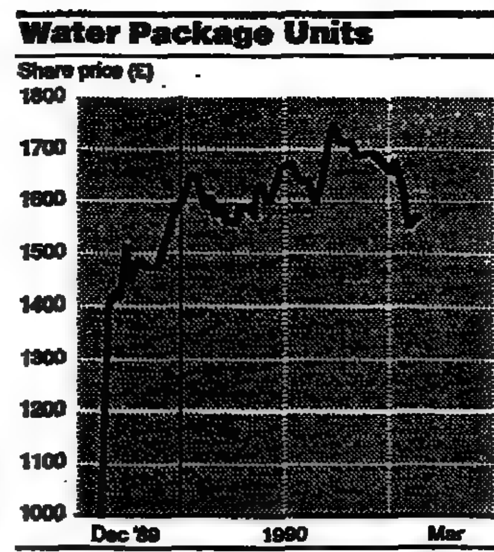
Yesterday British household products and food group Reckitt & Colman broke a long drought in transatlantic take-over activity by agreeing to buy the household division of American Home Products, the big US pharmaceuticals company, for £1.25bn.

This was the week in which the owners of Britain's best-known department store, Harrods, were branded as liars, while House of Fraser in turn accused the DTI inspectors of dishonesty. However, anyone requiring further evidence of the fact that it is becoming difficult to know whom to believe need only talk to Government statisticians.

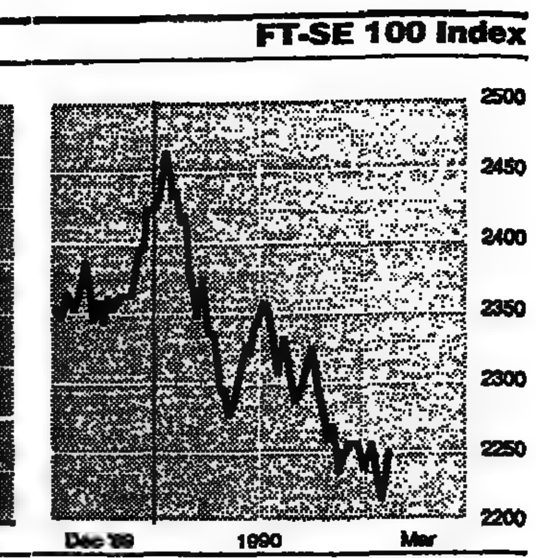
They came up with the most bizarre excuse of the week on Monday, when they laid part of the blame for what they called "artificially high" January figures for consumer borrowings on the pre-Christmas 'flu epidemic. Administrative problems had distorted the statistics for the last two months, they explained, as bears lapped up the evidence that high interest rates are still not working.

Andrew Hill

Water Package Units



FT-SE 100 Index



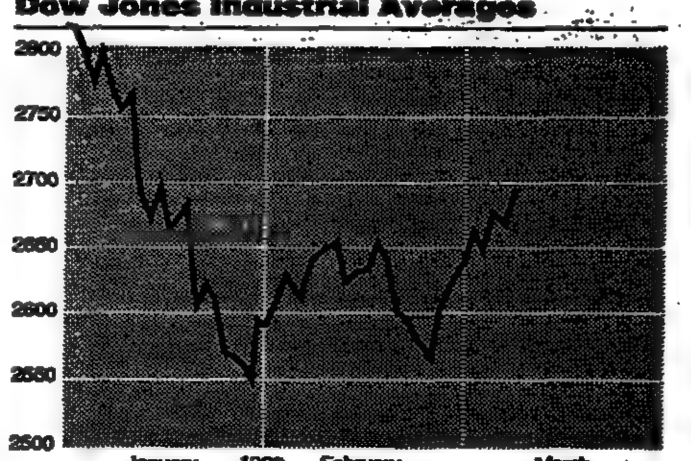
HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989/90 High	1989/90 Low	
FT-SE 100 Index	2234.3	-20.5	2463.7	1782.8	Sterling weakness.
Abbey National	195	+8½	195	134	Far Eastern, institutional buying.
BICC	428	+25	581	385	Favourable results.
Baggeridge Brick	110	-17	219	109	Market cuts profits estimates.
Braithwaite	157	-110	350	150	Profits warning.
British Telecom	274½	-18½	316	242½	Fears of re-nationalisation.
GKN	407	+22	478	291½	Good results.
Higgs & Hill	367	-20	466	263	Bid hopes fade.
Logica	317	-23	411	299	Fears for Nat West contract.
Reckitt & Colman	1120	-25	1323	909	Acquisition and rights issue.
Sketchley	277	+28	470	241	Compass Group bid.
Sympas Computer	153	-80	290	153	First-half trading loss
TI Group	450	+14	491	363	Good results.
Vickers	220	+17	257½	157	IEP wants R-R demerger.
Warburg (S.G.)	449	-29	525	277	Fewer bids and mergers.

WALL STREET

A step nearer the minefield

Dow Jones Industrial Averages



WALL STREET continues to give an excellent account of itself in the face of all kinds of adverse developments. The rally's momentum grows and the extremes of pessimism still being recorded by surveys of investor sentiment continue to act as a prop for the market each time that prices start falling. In every temporary retreat, it seems as if the bears have placed their bets already, and there is not much more additional pressure they can apply to send the market down.

In fact, to judge by yesterday morning's trading, a breach of the 2,700 barrier on the Dow Jones industrial average cannot be far off. A decline of less than 10 points in the Dow by lunchtime was certainly a mild response to the ¾-point fall of the bond market after the Labor Department disclosed stronger than expected employment figures.

Of course the bond traders may have been over-reacting, as usual, to one month's severely distorted statistics. But there was plenty of other bad news for equity investors had they been in the mood.

There was, for instance, the strongest indication yet of the intensifying rows between the Federal Reserve Board and the White House when the *Los Angeles Times* reported that President Bush was considering sacking Alan Greenspan when his current term ends in August next year.

The story was, *of* course, immediately denied by the White House, but the mere fact that it was placed by Bush Administration officials in a respected publication was presumably intended and another warning shot fired across the Fed's bows.

The fact that the market proved so robust in the face of such news items strongly suggested that a breach of 2,700 in the days ahead. Of course, as we have often noted, it will be the behaviour of investors above 2,700 that will determine the longer term fate of the market's advance.

The Dow has been above 2,700 three times in the past and each time the 2,700-plus area has turned out to be a minefield for investors: first in August 1987, when the Dow peaked at 2,722 six weeks before the Black Monday crash; then in October 1989, when the Dow hit 2,791 just before the United Airlines mini-crash; and then again in January this year, when the Dow briefly surged to 2,810 before collapsing 250 points in the next three weeks.

In view of this experience, investors are bound to tread more carefully this time, and this is precisely what the sentiment surveys tell us. The regular surveys of investment advisory services – cockeyed seers whose wrongheaded collective wisdom is *followed* avidly by market professionals – have shown some of the sharpest swings from optimism to pessimism on record.

Some hopeful analysts are tempted to conclude from this parallel with 1983 that a major new bull market will unfold in the second half of 1990, perhaps after a further period of churning and consolidation. But it would be misleading to confuse the natural anxiety about the market's short-term outlook – among traders who have had their fingers burnt three times in a row – with the deep-seated caution and even despair which normally precedes the start of a major bull market.

The longer-term views of most US investors remain decidedly upbeat and in the long run there is still far more room for disappointment than for unexpected good news. Another sign of the times, especially interesting to overseas investors, has been the latest internationally-oriented fad on Wall Street.

Late last year, the rage was in the single-country mutual funds which let investors pour their money into foreign markets, especially Germany, without having to learn the name of a single foreign stock. But in the last two months, the dial of fashion has turned 180 degrees. While Germany Fund, New Germany Fund, Austria Fund, Spain Fund and all the others, have fallen sharply back towards their net asset values, the new issues calendar is dominated by a bearish financial concoction.

These are long-term put warrants, which enable investors to bet on falls in foreign stock markets not just over the three- to six-month terms available in conventional put options, but for three years or more. A slew of these put warrants on the Japanese Nikkei Average was launched with brilliant serendipity in January, just in time to benefit from the plunge in the Tokyo market.

This week, Salomon Brothers launched the first such instrument based on London's FTSE-100 Index. In exchange for an investment of about $3.50, Salomon will pay the holder one cent for every point the FTSE falls below 2,232 anytime between now and March 3, 1993. Significantly, however, no-one has yet issued a long-term put warrant on the Standard & Poors 500 or the Dow.

Monday	[illegible]	− [illegible]
Tuesday	[illegible]	+ [illegible]
Wednesday	[illegible]	− 7.21
Thursday	[illegible]	+ [illegible]

Anatole Kaletsky

JUNIOR MARKETS

A Lazarus that failed to revive

IN THE twilight world of long-suspended shares, successful resurrections are rare indeed. For the past few months, though, Access Satellite – a scaffolding company which has been suspended for four years – seemed set to buck the trend. After a merger with another US building equipment company, it planned a comeback onto the Unlisted Securities Market.

Its promise as a corporate Lazarus was short-lived. Last week, Access admitted defeat in its attempt to raise, through a placing, the £4.5m needed to seal the deal. The Stock Exchange ruled that too much time had elapsed since the company last produced any audited accounts to permit the placing to go ahead. In any case, the company found that institutions were not enthusiastic about the deal.

Part of the problem was the company's chequered history. It reversed onto the USM in 1984 on a lofty historic p/e multiple of 30 amid claims that its system of movable work platforms would make traditional scaffolding obsolete. But the construction industry did not share this enthusiasm.

In 1986, Access became embroiled in a legal dispute with its US distributors and the shares were suspended "pending clarification of the company's financial position." Shareholders heard little until Bill Waiman took over as chairman in 1988 with the help of City & Westminster Financial, the ill-fated financial services group.

A cash injection paved the way for a reverse take-over by the Spider Staging Corporation, a US maker of aluminium gondala cradles which were thought to complement the Access platform business. That deal, though, depended on the London placing; so now, it seems, matters are back to square one.

Yet another cancelled flotation, albeit in rather different circumstances, was that of Lister Drew, an architectural firm. It was on the brink of joining the USM earlier this year but the turbulent state of the stock market, together with some poor results from rivals, have made it postpone its flotation indefinitely.

According to finance director Mike Denison: "It boiled down to a question of appetite for the shares. As [the float] got closer and closer, the expections of the p/e went down and down and the yield went up and up."

In the end, he says, it seemed as though the company would pay more in dividends than it was saving in interest charges. Lister Drew remains optimistic about its own prospects but it has decided to consolidate some of its recent acquisitions and wait until more friendly times.

This makes an interesting contrast to the debut made earlier this month by ADG, which is in similarly unfashionable areas of advertising, recruitment and office interiors. The market's lack of enthusiasm for these sectors is reflected in a rock bottom prospective p/e of 4.7 per cent, which is exceeded by the forecast yield of 4.76 per cent.

But even if the USM new issue scene is somewhat subdued, the morale of the market is holding up well to judge by the general revelry at its awards dinner this week, an annual ceremony organised by the *USM Magazine* and Coopers & Lybrand Deloitte.

The prize of USM company of the year was carried off by the Ashtead Group, which boasts an open and innovative management style. Its entire work force has the same right to pensions, holidays and life assurance and all take part in a monthly profit share scheme, which is linked to the performance of their depot.

Tom Harrison of Norfolk House, a developer and manager of roadside service stations, was voted USM entrepreneur of the year. He founded his company in 1983 and has seen profits rise to £8.7m in 1989.

'USM's morale is holding up well to judge by the revelry at its awards dinner'

Despite this speedy rise, he puts an emphasis on slow and steady growth. "It takes time and patience to build genuine assets, to show genuine earnings growth and to control all of this with a committed team," he says.

Le Creuset, the French maker of cast-iron cooking equipment which joined the market last July, won the award of USM overseas company of the year. But the runner-up, Borland International, a US software company, had a generous consolation prize.

The success of its Quattro Pro software pushed the shares up a further 8 per cent this week, meaning that the company (which made a loss in 1988) has risen in value by 64 per cent over the past year.

The other high spot of Tuesday's festivities was an auction and raffle of a new Scimitar SST sports car and the famous USM 1 number plate, donated respectively by Reliant, the car and plastics moulding business and Alan Paul, the hair and beauty chain. The event raised more than £120,000 for the National Society for the Prevention of Cruelty to Children.

Vanessa Houlder

British Gas looks to new frontiers for expansion

BRITISH GAS this week finally found something to do with the money rolling in from its 17m customers. It has decided to buy Consumers Gas for C$1.1bn (£563m). Consumers Gas is Canada's largest local gas utility and operates in southern Ontario, western Quebec and northern New York State, across the US border.

The acquisition is part of British Gas's ambition to become the world's first "global gas" company. It is certainly possible to question the industrial logic of this strategy – there may be a good reason why other companies have not gone down this path. But this deal has a clear financial logic. With the UK gas market maturing rapidly and competition increasing, British Gas needs to find other ways to earn money if it is to keep growing.

Consumers Gas is not a mini-British Gas, which is a big integrated company handling all aspects of Britain's gas business, from production in the North Sea and long-distance transmission, to local deliveries, plus a network of appliance sales shops – well head to burner tip, as British Gas likes to put it. Consumers Gas is just a part of that business. It is a highly-regulated local gas distribution company which takes gas off the main high-pressure pipelines and delivers it to its residential, commercial, and industrial consumers.

In recent years, Consumers Gas has lost its monopoly on sales of gas, much as British Gas is losing its on sales to industrial customers. Although Consumers Gas maintains a monopoly on delivery in its geographic area, last year nearly half the gas transmitted through its pipelines was purchased directly by end users from other suppliers, who paid Consumers Gas a fee for transmission.

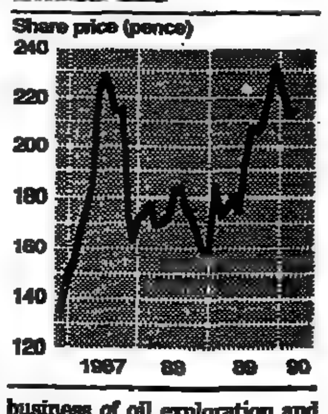
The UK stock market reaction to the acquisition was muted, at best. British Gas shares did not budge, and have since moved with the broader market. "The most bullish thing you can say is that it is not something worse," says Chris Rowland, at Barclays de Zoete Wedd.

The "something worse" reflects broad scepticism about British Gas's previous expansionary moves. Its bid to buy Bow Valley Industries, a Canadian oil and gas exploration company, ran foul of a thicket of regulation which kept British Gas from assuming management control. Attempts to buy Petrocorp in New Zealand floundered amid mutual recriminations with the Wellington Government.

Many analysts believe that British Gas paid too much for the international oil and gas assets of Tenneco, the US pipeline group, although it appears to have come out better with its acquisition of Acre Oil and the North Sea assets of Texas Eastern, over the last two years. But the broader question is whether the management culture required for a dozey gas distribution utility fits well with the high-risk business of oil exploration and production. Indeed, a number of the US gas transmission companies recently have been getting rid of their oil and gas production.

British Gas

Share price (pence)



The bid for Consumers Gas does not raise these questions. But it does raise others.

British Gas shares have risen strongly since November, when the company announced a more generous dividend policy. However, some of this strength may have derived from expectations in the professional investment community that something more dramatic may have been on the cards.

British Gas had told analysts that it had at least looked at the question of whether to buy shares back from shareholders, much as ICI is planning. There was further speculation that some other way of making a big payout to shareholders might be under consideration, and that helped buoy sentiment about the shares. But, having decided to spend more than half a billion pounds on an overseas acquisition, these other sorts of moves now look out of the question for British Gas, and this could affect the short-term share performance.

"There is some synergy, but it is fairly minor," says Rowland. "But I'm a bit surprised that they are so keen to take on another regulatory system in another country."

British Gas is facing a long, most likely gruelling, process of negotiations with James McKinnon, the official industry watchdog, who has begun a review of the entire regulatory regime. The formula governing British Gas's prices is to be rewritten in about two years and McKinnon is sympathetic to doing this on a rate of return basis, which could change the profits outlook of the business.

It is against this background that British Gas is buying an overseas business in its own complex regulatory environment. British Gas appears to be counting on continuing to beat the rate of return standard of 13¼ per cent, and match Consumers Gas recent performance of 15 per cent return on investment. With Consumers Gas rates up for review this summer, it remains to be seen whether the Ontario Energy Board will look so favourably on a foreign owner, and set conditions that make that kind of performance possible.

Steven Butler

John Edwards warns of potential problems with 'paper' dividends

The scrip share tax trap

SCRIP DIVIDENDS, where you receive shares instead of cash payments of dividends, are becoming increasingly popular. But are they really a good idea for investors?

The question is particularly timely for shareholders in British Petroleum, who have until March 22 to decide whether to take a new share dividend plan that will mean committing all their future dividends to purchasing the company's shares.

The attraction of scrip dividends is that they provide a means of increasing the size of your existing shareholding in a company without having to pay commission, dealing costs or stamp duty.

There is also a serious downside that may not be fully appreciated by many investors. Instead of saving you tax, as many investors mistakenly believe, scrip dividends may result in tax losses and can create considerable confusion when you come to sell or try to calculate your capital gains tax liability.

It may be thought that by not taking cash payments and buying shares instead you can avoid, or possibly defer, payment of income tax on your dividend. That is not the case. Income tax at the standard rate is automatically deducted from the dividend and the remainder is used to purchase shares. And the non-taxpayer actually suffers a real loss.

For example, if your gross dividend is worth £100, the amount of shares credited to you would be worth £75 (calculated at current market value on the stock exchange) after deduction of £25 to meet the standard tax rate commitment. If you took the dividend in cash form you would receive a tax credit voucher for £25 that non-taxpayers would be able to reclaim from the Inland Revenue. But you cannot reclaim this 25 per cent tax deduction if the dividend is used to buy shares. So non-taxpayers effectively receive 25 per cent less when choosing the scrip dividend alternative.

If you are a 40 per cent taxpayer you are still liable to pay a further 15 per cent, on top of the 25 per cent tax already deducted from your dividend. That extra payment has to be made out of income even though you have not received the cash dividend.

While there is no income tax saving, and indeed a loss for non-taxpayers, scrip dividends can involve a potential capital gains tax problem or loss when you come to sell your shares.

London stockbrokers, Killik & Co. warn that investors are often in danger of paying tax twice. They point out that, in theory, every time you receive a scrip issue of shares, as replacement for a dividend, you should value the new shares at the price (the current market value) at which they were bought. This can involve a lot of time and effort (BP pays four dividends a year), which, if done by your accountant, can be an expense that is not justified by the small number of shares involved.

There is an inclination to lump together the new scrip shares with the original "core" holding for capital gains purposes when deciding to sell your holding. For example, if you held 500 BP shares, and receive 10 further shares under "scrip" issues, you will be inclined to use the same base purchase price for the whole of the 510 shares when calculating capital gains tax liability rather than bothering to find the different purchase price for only 10 shares.

There is also the bother for many private investors of receiving a series of certificates for small numbers of shares that can go astray.

Killik points out that there is a further problem if you decide to sell your share holding ex-dividend, which with BP applies to a substantial period of the year. If you have not received the certificates in respect of your scrip shares, you are faced either with delaying your sales or selling only your existing holding and subsequently being left with a tiny number of scrip shares which might be difficult, or very uneconomical to sell.

BP has gone a step further than the many other companies offering scrip dividends in asking its shareholders to commit all their future dividends into buying shares, unless they decide otherwise; a long-term commitment that may not be clear to many shareholders, especially as the terms of cancellation are not spelled out.

Additionally the BP explanatory letter about its share dividend plan can give the wrong impression about the cost of buying the shares. It states: "For some years now the company has offered shareholders (including BP employees who are members of The BP Group Participating Share Scheme) the opportunity to take Ordinary Shares of 25p each, credited as fully paid (New Shares) instead of cash dividends."

To small new investors not used to market jargon, and with the habit of quoting shares at their nominal "face" value rather than their current market price, this could give the impression that BP is offering shareholders the chance to use their dividend payments to buy shares at 25p when in reality they are bought at the market value, currently around around 335p, ex-dividend.

BP says that it started offering the share dividend alternative three years ago for each separate dividend and extended it to an annual basis a year ago. Now it had decided to switch to the "evergreen concept," already adopted by some other companies, following pressure from some shareholders for it to be put on a permanent basis. They had not received any complaints about being misled by using the 25p "face" valuation figure, which was primarily used to identify the category of the ordinary share.

If you believe in a company sufficiently to invest in it, there is obviously an incentive to acquire extra shares at the lowest cost in the hope that the capital value will rise. It is also a form of enforced saving; if you don't get the cash payment then you don't spend it.

It is a matter for each individual investor to decide. Nevertheless, Edinburgh stockbrokers, Torrie & Co. in a recent memorandum on the subject concluded that: "In most cases we suggest the disadvantages [of scrip dividends] will outweigh the advantages, so shareholders should NOT normally act to take the scrip dividend alternative."

For BP shareholders the decision is more important this year in that under the new share dividend plan you give a mandate for all future dividends to be used for further share purchases.

A fund for couples

GARTMORE is joining the growing number of unit trust groups offering a "cash" fund that has special appeal for married couples seeking to benefit from the new system of independent taxation.

CashTrust, as the fund is called, has a minimum investment of £500, no initial charge and an annual management fee of only 0.5 per cent. It will be launched on Monday and managed by Gartmore Money Management, which already handles about £650m of cash on deposit, and should be in a strong position to get a high rate of interest in the money markets not available to small investors. The estimated yield on Monday last week, for example, would have been 14.1 per cent gross (equivalent to a compound annual rate of 15.05).

Tax at the standard rate of 25 per cent is deducted at source, and top rate taxpayers are liable to pay a further 15 per cent. So the fund's main appeal is to non-taxpayers, who will be able to reclaim the tax, unlike the composite rate tax deducted from bank and building society accounts which is non reclaimable.

Monthly statements showing the interest accumulated will be provided to investors and can be used to reclaim tax.

Gartmore has gone a bit over the top in its promotional material, claiming that the fund guarantees that the, "value of the investment can only go up." A strange claim for a group that is normally only too eager to point out that shares, rather than cash deposits, provide the only real protection against inflation.

J E

BANKS AND BUILDING SOCIETIES: BEST BUYS

Withdrawal period	Minimum balance	Bank/ Building Society	Account name	Amount	Basic tax Net CAR %
Immediate	£500	Wimbledon & SW Finance	High Int. cheque	£500	11.84
		Standard Property Inv.	Int.current	£1	11.35
		City & Metropolitan B. Soc.	Bromley bonus	£10	11.04
Immediate	£10,000	Wimbledon & SW Finance	High Int.cheque	£500	11.84
		Chelsea B. Soc.	Classic	£10,000	11.75
		Provincial Bank	High int cheque	£1,000	11.63
Immediate	£50,000	Humberclyde Finance	High Int. cheque	£50,000	12.26
		Buckinghamshire B. Soc.	Added adv. mnthly	£25,000	12.24
		Northern Rock B. Soc.	Current	£25,000	12.13
3 month	£500	Holmesdale B.Soc.	Benefit	£500	11.88
		Holmesdale B.Soc.	Special	£500	11.83
		Stafford Railway B.Soc.	90 day	£500	11.57
3 month	£10,000	Norwich & Pirbrgh B. Soc.	Special 85	£10,000	12.52
		Standard B.Soc.	90 day monthly	£10,000	12.40
		Treloan	3 month	£1,000	12.36
3 month	£50,000	Cheshunt B. Soc.	Special 90	£50,000	12.75
		Mornington B. Soc.	90 day	£30,000	12.52
		Norwich & Pirbrgh B. Soc.	Special 85	£10,000	12.52
1 year	£1,000	Alliance & Leicester B.Soc.	Cap.Choice I yr	£1,000	12.25
		Eastbourne Mutual B.Soc.	Diamond	£1,000	12.25
		Stroud & Swindon B.Soc.	Capital bond	£500	11.55
1 year	£10,000	Bradford & Bingley B. Soc.	Max. Elite	£10,000	12.89
		Tynemouth B. Soc.	Blue bond	£2,500	12.75
		Leeds & Holbeck B. Soc.	Special Notice	£2,500	12.60
1 year	£50,000	Portsmouth B. Soc.	Capital Reserve	£15,000	13.00
		Bradford & Bingley B. Soc.	Max. Elite	£10,000	12.89
		Guardian B. Soc.	Deposit Bond	£25,000	12.85

Source: Blay's MoneyMaster

Bargain time for savers

IT'S BARGAIN hunting time if you have some spare cash you want to put into a bank or building society to earn the best interest.

Abbey National's recent move to put up mortgage rates, quickly followed by most of the other lenders, has also triggered a general increase in the interest paid on deposits that is now coming through.

The rises in rates offered to savers vary widely according to the minimum amount deposited and the length of time for which you are prepared to put your money away.

But there are traps for the unwary. Lambeth Building Society, for example, offers the highest rate for deposits of over £40,000 at 13 per cent, which with half yearly interest payments is equivalent to a compound annual rate (CAR) of 13.42 per cent. But there is a catch. All withdrawals are subject to 60 days notice and no interest is earned on the amount being withdrawn during the notice period. The effect of this loss of interest varies according to how long you wait before withdrawing your money, but over a year it would cut the effective rate to 10.83 per cent. National Counties Building Society adopts a similar policy on its top account, with 40 days loss of interest.

In many other cases too, you suffer a severe loss of interest if you withdraw money before a specified period.

The table shows the best buys available (as on March 10) in three categories – immediate, three months and one year withdrawals – for different minimum deposits. Stroud and Swindon building society plans to increase the rate on its one year capital bond at a board meeting on Monday. You can check on the latest rates by looking at Blay's MoneyMaster, which is available at larger reference libraries.

Not included in the table is Cheltenham & Gloucester's London Share account which pays 12.25 per cent net on deposits of over £2,500, but is a postal service only. Scarborough building society is paying 12.50 per cent on deposits above £100,000 with only 90 days notice of withdrawal.

John Edwards

Dumenil payment set

UNFORTUNATE investors in Dumenil unit trusts, which suspended dealings in all 11 funds last November, have finally received at least some of their money back. The two trustees, Coutts and Midland Bank, announced this week that an initial payment had been made equal to the bid (selling) price of the units quoted on November 6. This follows the decision in February to wind up all the Dumenil UK funds and return the £33m invested to the 12,000 unitholders.

A further payment will be made to cover any investment gains made by the funds, which continued to be managed in spite of the suspension of dealings, once the liquidation of the assets has been completed. There may also be another payment if the November 6 bid prices, on which the initial payment are based, turn out to be incorrect. Touche Ross, the accountancy group originally called in to investigate what went wrong, is now also working on a complex reconstruction of past pricing to try and establish the correct quotations for November 6.

But investors need not worry. If the bid price on that date is found to have been too low investors will be compensated accordingly, but they will not have to pay out if the bid price is found to have been too high.

It was the failure to establish proper prices, and constant problems with the administration and in particular payment of dividends, that lead to the dramatic decision to suspend dealings in all 11 of the group's funds; an unprecedented step by a unit trust company.

The pricing reconstruction report should be completed within a few weeks, but no one is certain yet how long it will be before Touche Ross completes its investigation on what went wrong and who is to blame.

Meanwhile some investors are still very unhappy about the situation, in spite of getting their money back.

For example Brigadier Mears of Hythe in Kent, who wrote a letter of protest to the FT in November, is far from mollified. He describes it an "absolutely disgraceful" episode. He claims that this week's payment was the minimum possible, simply returning money to investors they already owned; there was no compensation for the fact that investors had been denied the use of that money for about five months.

But what really angers him was that the trustees, who were supposed to protect the interest of investors, were apparently going to get away scot free, without being publicly reprimanded by the regulatory authorities.

He says the trustees appeared to have done nothing, except draw their fees, in spite of clear evidence during the summer months that the Dumenil funds were beset with problems.

Brigadier Kenneth Mears said he would never invest in a unit trust again, since small private investors in these funds seemed to have no rights at all and were kept completely in the dark.

J E

IN BRIEF

A GUARANTEED income bond that pays 11.6 per cent annually, net after deduction of basic rate tax, for a five-year period is being offered by Hill Samuel. Closing date for the offer is March 19 and the minimum investment is £5,000.

Colin Jackson, of Baronworth (Investment Services), Ilford-based intermediaries, is sweetening the pill still further by rebating half of the 1.5 per cent commission he receives to investors.

He claims that guaranteed income bonds, which are issued primarily by smaller insurance companies to utilise unused tax allowances, provide particularly good value at present if you believe interest rates are at, or near, their peak.

They range from one year to five year periods. The highest rates are paid for one-year bonds.

FINANCE & THE FAMILY

The Week Ahead

BTR focuses on currency fears

WHEN BTR, the industrial conglomerate, announces its full-year results on Wednesday, much attention will be focused on the impact of currency fluctuations on overall performance. The group has significant exposure to movements of both the US and Australian dollars versus sterling. There are concerns too about the extent of its vulnerability to the Antipodean economic downturn.

Nonetheless, analysts expect that pre-tax profits will comfortably break through the £1bn mark at about £1.09bn – an increase of 33 per cent. Other points of interest would include further information on both the group's plans to float off its US activities and BTR Nylex's intentions for the proceeds of its recent capital-raising exercise. Kohlberg Kravis Roberts' interest in the company has become rather less of a burning issue with the leveraged buyout market in such bad odour. The US LBO specialist filed for permission last August to buy up to 15 per cent of BTR.

Glaxo, Britain's biggest drugs company, which is ranked fourth in the world, is due to report its interim results on Thursday. The group is expected to make a strong showing, increasing pre-tax profits from £460m to £550m. Analysts are expecting that strong underlying revenue growth will be boosted by currency gains. The company has increased its international presence in recent year's and only about 12 per cent of the company's sales come from the UK.

Earlier this year, in what was thought to have been the first move of its kind by a UK industrial group, Glaxo appointed a Japanese businessman, Hiroshi Kinoshi, as a main board director. Followers will be intrigued to know whether this signals the start of a concerted push into the Japanese market.

One of the beneficiaries of Glaxo's continued buoyancy is Simon Engineering, the diversified engineering group, which last month won a £5m contract to build part of Glaxo's effluent treatment plant in Ulverston, Cumbria.

Simon is expected to report pre-tax profits of just short of £40m in 1989 showing a healthy advance on the previous year's £32.4m.

The company's extensive water and sewage treatment interests have acquired an added lustre since water privatisation and the announcement of plans to spend heavily on infrastructure projects. But analysts will be keen to hear from Simon how quickly these plans are turning into firm business propositions.

British Aerospace will be reporting its 1989 annual earnings on Wednesday which are expected to show a sharp gain in pre-tax profits totalling more than £300m compared with £236m in 1988.

However, the latest pre-tax profits will include a £65m special gain from the sale of stakes in Daf and Istel. Some analysts also expect a possible additional pension benefit. Before exceptional items, analysts are forecasting pre-tax profits in the range of £237m-£255m. While an acceleration in BAe's big Al Yamamah Saudi Arabian contract is expected, the company is also expected to outline its strike recovery plans, its relations with the Airbus consortium, prospects for Rover and the military market.

Rolls-Royce will report its annual figures the day after BAe on Thursday with higher pre-tax profits expected to range between £210m-£220m compared with £168m in 1988. Strikes, however, are expected to have cost the aero-engine group between £15m-£20m in lost profits. While the outlook for the military engine business is more or less stable, the company continues to be buoyed by the strong demand for jet engines in the commercial aircraft market. Analysts expect the company's NEI acquisition to contribute about £35m to 1989 pre-tax profits.

Sir Hector Laing: leaving United Biscuits in May

United Biscuits (Holdings) makes half the biscuits sold in Britain and is the second largest snacks maker and frozen food supplier manufacturer. Pre-tax profits will come in just on the top side of £186.5m, compared with £170m in 1988, when it reports on Thursday. UB may also have news on its search for additional partners in continental Europe.

The figures will include the final nine months of the restaurant business – mainly Wimpy and Pizzaland – which was sold to Grand Metropolitan for £180m. Ross Young's, the frozen and chilled food arm, will make its first full-year contribution, compared with eight months in 1988.

The results will be the last to be announced under the chairmanship of Sir Hector Laing, who bows out in May after 45 years with the company.

A wide range of forecasts have been made for George Wimpey, one of the UK's biggest construction companies as analysts grapple with the likely size and cost of the company's borrowings and the magnitude of its property profits.

Forecasts for 1989's pre-tax profits, which will be announced on Tuesday, range from £135m to £170m, compared with last year's total of £144.5m. An unusual amount of uncertainty hangs over the results of Beazer, the international housebuilder, building materials and contracting group, which is due to produce its interim results for the six months to the end of December on Wednesday.

A difficult-to-predict increase in interest charges and the beleaguered state of UK housing will drag down the results although they will be flattered by comparison with last year when French Kier made an £8m loss. Most analysts expect a small increase in interim pre-tax profits from last year's £54.5m, although full year forecasts generally predict a decline.

The long-awaited dismantling last summer of the National Dock Labour Scheme has overshadowed every other factor affecting the fortunes of Associated British Ports during the year to end-December, on which it reports next Thursday.

The scheme's abolition will have given rise to a chunky one-off redundancy payment. But analysts believe ABP has in the last six months found the benefits of breaking free from the shackles imposed by it even greater than it had hoped. These come not just as efficiency gains, but also in provided the background for diversification plans, such as last year's £27m acquisition of the Red Funnel ferry group, and for development of port land.

Much of this is for 1990. Last year, depending on how much of the redundancy cost is taken below-the-line, pre-tax profits should have risen from £46.5m to about £53m. Property profits will have put in about half of that figure.

Hillsdown Holdings, the food, property and furniture group, is expected to unveil pre-tax profits of around £195m to £200m when it reports full-year figures on Wednesday. This compares with just over £150m a year ago, but the apparent advance is partly due to the Premier Foods acquisition in May, and the earnings per share improvement will be much more modest. Analysts estimates range around 8 to 9 per cent. Inevitably, some attention may focus on non-food interests like furniture and property, but the City also expects news of a happier second half on the poultry front.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
[illegible] Kent (Hldgs.)	178*§	176	153	105.27	ABS Investments
AMI Healthcare	370*	370	378	245.65	Co.Gen.Des Eaux
Alexander (W.)‡	113*	113	112	32.02	Spotlaunch
Camford Eng.	305*	312	244	57.92	Markheath
Chemoxy Intl.	450*	443	288	13.30	Suter
Colonnade Dev.‡	163*§	160	161	8.24	Pineflow
Conti.& Ind. Tst.	960	950	843	184.00	Transatlantic
GPG‡	17*	23	23	55.0	IEP
Hartwell	155*§	158	120	122.55	Oakhill
Do. 7.875pc Pf	142.1*§	141	104	49.75	Oakhill
Hatfield Estates	230*	237	225	17.32	Lilley
Intl. City Hldgs	31	27	34	21.06	York Trust Grp.
Jitra Rubber	52	50	50	5.77	Rowe Evans Invs.
Just Rubber	140*	135	72	10.5	Scapa Group
Laing Properties	650*§	669	564	390.80	Pall Mall Props.
Malmuel Hldgs.‡	10*§	11	60	0.63	ISS
Paragon Comms.	145	146	128	7.89	Shandwick
Really Useful Grp	232*§	234½	218	77.4	Jorraban (No.26)
Runciman (Walter)	520*§	538	472	46.8	AB Avena
SAC Intl.	127	114	117	25.95	Ricardo Grp.
Saltire Ins Invs	78.75§§	68	60	11.81	ESB
Sanderson Murray	175*	198	150	3.325	Rickett Mitchell
Sketchley	265	277	249	95.97	Compass
Tavern Leisure‡	25	29	56	7.14	Millwall Hldgs.
Woodington‡	31	32	42	6.89	Bridgend Group

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.¶Unconditional.**Based on 2.30pm prices 9/3/90.†At suspension. §§Shares and cash.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ADT	Dec‡	290,000	(219,000)	29.0	(25.5)	13.3	(11.5)
Antofagasta	Dec	25,500	(21,800)	72.2	(53.3)	17.0	(13.0)
Baynes Charles	Dec	4,100	(1,680)	3.06	(1.83)	1.0	(0.5)
BICC	Dec	201,000	(156,000)	46.3	(38.4)	19.0	(16.0)
Blagden Indust.	Dec	11,460	(10,360)	17.6	(18.0)	9.1	(8.4)
Burford Holdings	Dec	2,290	(1,280)	1.1	(1.6)	0.65	(0.5)
Caplan Group	Dec	1,300	(746)	10.4	(6.65)	2.5	(1.5)
Clinton Cards	Jan	3,440	(2,510)	17.1	(12.8)	4.23	(3.53)
Coats Viyella	Dec	137,400	(135,200)	15.1	(16.1)	9.0	(9.0)
Cowie T	Dec	16,110	(25,132)	10.8	(16.5)	4.2	(6.2)
Crests Holdings	Dec	6,660	(3,310)	12.2	(12.0)	1.5	(1.5)
CRH	Dec♣	80,570	(63,350)	22.1	(17.2)	5.25	(4.5)
Crossley	Dec	2,750	(2,730)	28.2	(25.2)	9.25	(8.25)
Daily Telegraph	Dec	41,500	(29,200)	30.7	(22.5)	32.0◆	-
Dares Estates	Dec	9,100	(12,500)	2.1	(4.14)	1.5	(1.3)
De Beers	Dec†	3,840bn	(2,870bn)	-	-	2.6	(2.0)
Dickie James	Oct	180 L	(340 L)	-	-	-	-
Electronic Mach.	Sept	51	(66)	0.89	(1.67)	1.0	(1.0)
Expamet Intn'l.	Dec	13,600	(10,310)	21.5	(17.1)	10.0	(8.75)
Fairey Group	Dec	12,530	(8,770)	24.7	(17.5)	7.4	-
Fisons	Dec	169,000	(132,100)	22.3	(19.5)	6.2	(5.0)
Forward Tech.	Dec	2,270	(3,270)	5.9	(6.0)	1.5	(1.5)
GKN	Dec	214,800	(177,800)	50.0	(44.0)	20.0	(17.0)
Greggs	Dec	8,890	(6,210)	39.8	(35.9)	12.0	(10.1)
Hampden Homes	Dec	1,500	(1,410)	7.8	(9.11)	2.1	(2.0)
Heywood Williams	Dec	31,080	(30,340)	32.8	(32.7)	12.5	(11.5)
Ibex Holdings	Dec	1,950	(2,001)	10.6	(11.2)	3.8	-
Inoco	Dec	2,700 L	(2,290)	-	(1.60)	-	(0.23)
Instem	Dec	885	(681)	12.9	(9.7)	2.5	(2.5)
Invergordon	Dec	14,700	(10,200)	-	-	-	-
Jourdan Thomas	Dec	2,110	(2,870)	8.47	(12.4)	5.6	(5.6)
Kode Internatl.	Dec	1,460 L	(409)	-	(4.8)	7.5	(10.0)
Ladbroke	Dec	302,200	(252,300)	24.2	(19.9)	9.79	(8.16)
Lewis John	Dec	110,100	(131,500)	-	-	-	-
Life Sciences	Dec	9,030	(6,130)	6.2	(4.4)	2.3	(1.6)
Mersey Docks	Dec	4,940	(6,500)	8.22	(10.7)	4.16	-
Metal Bulletin	Dec	1,410	(1,300)	10.1	(9.7)	6.0	(5.3)
Microvitec	Dec	1,260	(1,760)	3.1	(4.2)	1.5	(1.75)
More O'Ferrall	Dec	13,100	(9,500)	36.8	(25.5)	13.2	(10.0)
MTL Instruments	Dec	3,060	(2,305)	11.3	(8.57)	2.4	(2.0)
Nichols JN	Dec	8,150	(6,550)	31.2	(22.5)	10.0	(8.6)
Pacer Systems	Dec‡	706	(719 L)	14.0	-	6.0	(5.5)
Pentland Group	Dec	71,450	(59,867)	11.8	(10.2)	0.6	(0.4)
Pentos	Dec	12,600	(11,000)	9.7	(8.8)	2.2	(1.8)
Persimmon	Dec	32,550	(29,550)	27.3	(26.5)	6.5	(5.0)
Pickwick Group	Dec	4,400	(3,315)	12.6	(9.8)	4.25	(3.25)
Ransomes	Dec	14,400	(13,230)	17.0	(15.6)	6.15	(5.5)
Robinson Thomas	Dec	25,000	(18,010)	14.2	(11.8)	4.0	(3.0)
Serco Group	Dec	3,610	(3,705)	25.6	(27.0)	9.5	(5.0)♣
Singapore Rubber	Dec	513	(564)	3.4	(3.04)	1.55	(1.55)
Sumit	Dec	593	(534)	7.7	(6.9)	5.2	(4.5)
Suter	Dec	34,800	(39,000)	20.4	(22.3)	8.4	(7.0)
Sutton Water	Dec	308	(196)	-	-	-	-
Templeton	Dec‡	53,790	(48,860)	34.6	(26.7)	13.0	(11.0)
TI Group	Dec	111,500	(85,400)	49.0	(38.1)	17.5	(13.5)
TLS Range	Dec	1,034	(776)	5.2	(5.2)	1.8	-
Ultramar	Dec	102,200	(46,400)	27.9	(19.1)	9.0	(7.5)
Unidare	Dec♣	4,120	(5,810)	22.6	(38.1)	13.8	(12.7)
Utd. Plantations	Dec†	774 L	(1,510)	-	(9.8)	8.75	(5.0)
Victaulic	Dec	8,780	(7,560)	28.8	(25.2)	9.75	(8.5)
Wales City	Dec	10,220	(10,020)	7.16	(16.8)	3.39	(3.08)
Walmoughs	Dec	10,160	(6,800)	36.6	(26.7)	10.25	(8.5)
Woodchester Inv.	Dec♣	26,400	(18,000)	15.1	(12.1)	2.5	(1.87)
WPP Group	Dec	75,040	(40,320)	73.0	(54.3)	24.2	(17.8)
Wyevale Garden	Dec	1,635	(1,427)	13.3	(15.9)	5.4	(4.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bailey Ben	Dec	1,050	(712)	0.5	(0.5)
CALA	Dec	3,000	(3,600)	1.15	(1.05)
Chelsea Man	Dec	705	(674)	0.8	(0.8)
Domestic & General	Dec	1,460	(1,040)	3.5	(2.75)
Galliford	Dec	4,070	(3,920)	0.95	(0.85)
Gandalf Technology	Jan◆	3,180 L	(47 L)	-	-
Gent SR	Dec	1,360	(1,020)	1.25	(1.0)
Haggas John	Dec	487	(1,060)	1.0	(1.0)
Hays	Dec	27,300	(24,100)	1.15	-
Intereurope Tech.	Dec	638	(604)	2.0	(2.0)
Interlink Express	Dec	3,580	(3,420)	4.12	(3.75)
Lawtex	Dec	83 L	(218)	0.5	(0.5)
Lincat Group	Dec	602	(423)	1.8	(1.5)
Mucklow A&J	Dec	5,179	(4,110)	2.23	(1.85)
Polypipe	Dec	5,080	(3,780)	1.1	(0.92)
Raine Industries	Dec	11,250	(10,192)	2.0	(1.5)
Regentcrest	Oct	9,100 L	(2,390)	-	-
Sinclair William	Dec	1,450	(1,119)	1.5	(1.25)
Sunset & Vine	Dec	330	(320)	1.5	-
Synapse Computer	Jan	249 L	(463)	-	-
Thorntons	Jan	7,180	(6,860)♥	1.1	(0.82)
Tor Investment Trust	Jan	682	(598)	16.0	(8.25)
Waterman Partnership	Dec	2,450	(2,410)	2.2	(2.0)
Westminster & County	Oct	96	(331)	1.0	(2.0)
Whitney Mackay-Lewis	Oct	150	(386)	1.8	(1.6)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss.♥ Figure for 32 week period.♣ Figure for 8 month period.◆ Second quarter figures.♣ Figures in Irish punts & pence.† Figures in South African rands & cents.‡ Figures in US dollars and cents.◆ Includes once-for-all special dividend of 24p.

RIGHTS ISSUES

Life Sciences International proposes to raise £29.8m by a rights issue of 38.5m shares on a one-for-three basis

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Jermyn Investments is raising £3m via a placing of 1m convertible cumulative preference shares at £3 a piece

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Abbot Mead Vickers	Wednesday	2.0	4.0	[illegible]
Alliance Trust	Monday	8.75	22.25	10.0
Allied Insurance Brokers	Wednesday	-	[illegible]	1.0
American Trust	Wednesday	1.25	2.65	1.4
Associated British Ports	Thursday	3.5	6.6	4.5
Associated Henriques	Thursday	0.75	1.75	1.0
Astec (BSR)	Monday	0.7	2.35	0.7
Automated Security Holdings	Friday	0.96	1.74	1.5
BBA Group	Thursday	1.45	5.0	2.0
Bradford Properties	Thursday	2.0	4.0	2.4
British Aerospace	Wednesday	7.4	13.2	8.1
British Vita	Monday	2.8	8.7	[illegible]
BTR	Wednesday	5.3	6.7	6.7
Bullers	Monday	0.5	1.5	0.5
Candover Investments	Tuesday	1.17	10.0	2.0
Christies International	Wednesday	1.0	15.0	2.0
Church & Co	Thursday	3.0	9.0	3.0
Clarke, Nickolls & Coombs	Wednesday	1.55	3.15	2.0
Clarke T	Thursday	0.94	4.06	1.16
Cornwell Parker	Monday	1.4	3.6	1.6
Delta	Thursday	3.4	7.8	3.9
Doeflex	Tuesday	1.15	2.85	1.32
Dukeminster	Thursday	-	1.125	-
Emess	Monday	1.0	6.6	1.2
Enterprise Oil	Thursday	4.5	6.5	5.5
Gaskell	Friday	2.5	5.0	2.8
Glynwed Int'l	Tuesday	3.45	6.25	4.15
Ferrari Holdings	Tuesday	-	-	-
Fired Earth Tiles	Wednesday	-	-	-
Hall Engineering (Holdings)	Thursday	5.5	8.9	6.6
Hewitt J & Son (Fenton)	Thursday	1.0	1.0	1.0
Hillsdown Holdings	Wednesday	1.5	4.5	1.8
Hobson Publishing	Monday	2.3	7.7	2.4
Jacobs John I	Thursday	1.5	2.5	1.5
Jacob W & R	Thursday♣	2.5	6	3
Kalon Group	Tuesday	0.3	0.7	0.4
Kleinwort Benson	Thursday	5.3	8.7	5.8
Kleinwort Smaller Cos. Inv.	Wednesday	1.175	2.5	1.35
Lambert Howarth	Wednesday	2.5	6.0	3.0
Lancaster	Tuesday	1.3	2.7	1.5
Legal & General	Thursday	4.5	9.1	5.2
Lex Service	Thursday	5.4	8.8	5.9
Lilleshaw	Monday	0.7	2.5	1.25
Low & Bonar	Monday	2.2	4.8	2.4
Lowe Group	Monday	4.0	5.5	4.7
Merchants Trust	Monday	3.0	3.6	3.025‡
North Midland Construction	Wednesday	1.0	2.0	2.0
Palma Group	Tuesday	1.2	2.5	1.2
Pendragon	Monday	-	-	-
Perkins Food	Monday	1.3	1.8	1.4
Plaxton	Monday	-	5.1	3.0
Quotient	Thursday	1.4	2.0	-
Renown Inc.	Thursday	-	-	-
Richardson Westgarth	Monday	0.8	1.2	1.0
Robinson Bros. (Ryders Green)	Monday	-	11.0	-
Rolls-Royce	Thursday	2.1	4.2	2.3
Sale Tilney	Monday	4.5	6.0	5.0
Secure Trust Group	Tuesday	-	0.59	2.5
Simon Engineering	Tuesday	3.5	10.0	4.5
Spandex	Thursday	1.5	2.75	1.5
Suter	Monday	2.0	5.0	2.8
T & N	Wednesday	3.1	6.5	3.5
Trade Indemnity	Tuesday	2.64	4.36	0.528
Transport Development Group	Monday	3.0	6.5	3.0
Try Group	Thursday	-	-	2.0
United Biscuits (Holdings)	Thursday	4.5	8.0	4.9
USDC Investment Trust	Monday	1.0	2.5	1.0
Wickes	Wednesday	0.69	2.81	1.0
Wimpey George	Tuesday	3.0	6.25	4.0
Wolstenholme Rink	Thursday	-	9.5	6.3
INTERIM DIVIDENDS				
Attwoods	Tuesday	2.5	5.5	-
Beazer	Wednesday	2.45	5.05	-
BM Group	Tuesday	1.6	2.4	-
Calor Group	Thursday	6	11.6	-
Close Brothers	Thursday	2.2	4.55	-
Community Hospitals Group	Tuesday	-	0.8	-
Coronation Syndicate	Thursday♥	17	5	-
Davies & Metcalfe	Thursday	0.677	2.765	-
EFM Dragon Trust	Thursday	-	-	-
European Leisure	Thursday	0.5	1.0	-
Everest Foods	Tuesday	2.0	3.5	-
Glaxo Holdings	Thursday	10	25	-
G.R. Holdings	Thursday	0.4	1.75	-
High-Point	Monday	2.25	4.5	-
Logica	Tuesday	1.0	2.1	-
MAI	Monday	1.2	3.3	-
Marlvale Moore	Wednesday	2.75	7.75	-
Minorco	Thursday†	14	28	-
Pochins	Wednesday	4.0	20.0	-
Precious Metals Trust	Tuesday	-	0.65	-
Sirdar	Friday	1.65	3.5	-
Tay Homes	Tuesday	1.0	3.0	-
Twesfontein United Collieries	Thursday♥	53	35	-
Unigroup	Monday	-	-	-
Wolseley	Thursday	2.8	8.2	-
Walker Thomas	Friday	0.28	1.22	-
Zambia Copper Investments	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.♥ Figures in South African cents.† Figures in US cents.‡ Second quarter figure.♣ Figures in Malaysian sen.♣ Figures in Irish punts & pence.

TR looks to the East for gain

TOUCHE REMNANT launched a Far East Opportunities fund this week which will invest predominantly in the ASEAN (Association of South East Asian Nations) countries.

The fund's manager, Michael Watt, who heads TR's Far Eastern team, believes that the countries in the region will continue to provide interesting investment opportunities during the 1990s. "A good many of them are showing rapid deregulation and liberalisation," he says.

Malaysia and Thailand will account for between 40 and 60 per cent of the portfolio initially, with Singapore and Hong Kong accounting for a further 10 to 20 per cent each. Watt expects economic growth and corporate profits to remain strong in Malaysia and sees the expected new privatisations as an additional attraction.

He is less enthusiastic about the current investment conditions in South Korea, Taiwan, the Philippines and Indonesia, and expects to keep his holdings in these countries rather low initially.

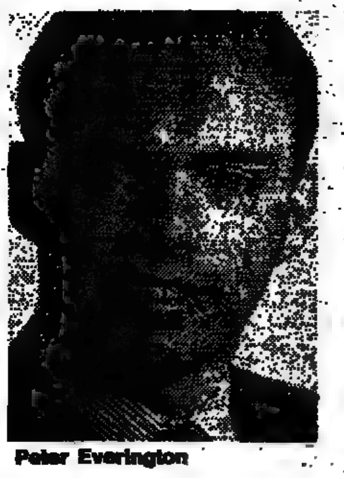
TR warns that the Far East should only represent a "modest proportion" of an investor's overall portfolio.

The minimum investment in the fund is £500 and there is an initial charge of 5.25 per cent. The annual management charge is 1.25 per cent.

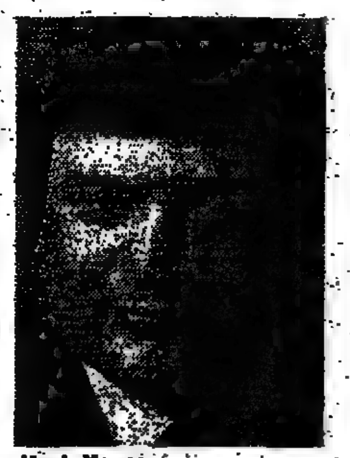
Sara Webb

FINANCE & THE FAMILY

James Shillingford



Peter Everington



Hugh Young

Anthony Bolton

Sara Webb finds the fund managers who matter most to investors

Uncovering the faceless men

THERE IS something very impersonal about the unit trust industry. To the outsider it appears to be run by faceless fund managers in grey suits whose names rarely crop up in conversation, let alone in print.

How many of these chaps could you actually put a face and name to? When was the last time you read about your fund manager in a gossip column or watched a television series based on the action-packed life of a unit trust adviser?

There is a very good reason why investors might like to know a bit more detail about the individual fund managers and the performance of their funds. For if a manager has an excellent track record, it would be worth following him should he decide to move to another group. Equally, if his performance is lousy, you know to avoid his unit trusts like the plague.

There is also a very good reason why most unit trust groups like to play down the personalities of their fund managers: they are frightened that a man or woman who is hyped as the group's superstar, singlehandedly responsible for its excellent performance, will be offered a golden hello by one of their rivals. Far safer to tell their clients and the press that the investment of the fund is a "team effort" and keep their managers fairly anonymous, even if it means sacrificing what might be a useful marketing ploy.

How concerned should you be if your fund manager jumps ship? Should you stick with the fund management group or withdraw your money and put it with whichever group he joins? Of course it depends who she or he is. If you ask around in the City you find that certain fund managers are considered well worth following and their names crop up again and again.

The most widely praised – at least by his rivals – is Anthony Bolton, who runs Fidelity's European fund and Special Situations fund. "He's easily the best fund manager in the City" says Brian Tora, of James Capel. He's widely regarded as a European guru – and one who is unlikely to switch house as he helped to set up Fidelity in the UK.

Other fund managers widely respected for their European expertise include Barings' Crispin Odey, who runs the Baring European Growth Trust, and GT's John Legat. Save & Prosper also has a strong reputation on the European front: Michel Legros manages S&P's Europe fund, European Growth fund and European Income and Growth fund, while Steven Bates manages the recently-launched Smaller European Companies fund.

When it comes to Far Eastern/Japanese funds, fund managers regard Thornton as having a good reputation, particularly Peter Everington who runs the Thornton Tiger Trust. Abtrust's Hugh Young is also well regarded after his fund, Abtrust Far East Emerging Economies fund, ranked as the top performing unit trust for two consecutive years (though one rival wondered whether this simply could be attributed to "very good luck").

In the UK market, the fund manager most frequently praised by rivals is James Shillingford of M&G. Shillingford runs the M&G Dividend fund and Capital fund. He used to look after the Midland and General Trust, which had a strong track record under his management.

So much for the glitterati of the fund management world. But who should you avoid? Fund managers show a surprising lack of bitchiness on this subject, even about their rivals. The most tactful reply is to avoid groups when they are going through a phase of uncertainty over their ownership – as Gartmore has done recently.

What investors might appreciate is more specific information about which funds have been affected by a change in manager. Alan Kelly of Grant Thornton Personal Financial Planning has compiled a guide called Unitrends for intermediaries which attempts to pick some of the best fund managers in the industry. Kelly is an accountant: he made his selection by first picking the fund management groups whose funds have an above-average performance and trying to match individual fund managers to the periods of strong performance.

"Managers vary enormously – some are very active and buy and sell quite rapidly, others are much slower: some adopt a top-down approach, choosing a country, then a sector then a company, while others go straight for the stock and only then look at the sector and country. What emerges is that there is no right or wrong method," says Kelly.

While he is fulsome in his praise ("capable", "very able", "considerable experience" .. it reads a bit like a school report) the epithet of "exceptional" is reserved for only a few, including:

- Nils Taube, chairman of Bishopsgate Progressive who manages their five funds, although only the International, Progressive and Special Situations unit trusts are highlighted by Grant Thornton. "Exceptional ability".
- Guy Libby of Capability Trust (which is owned by Capel Cure-Myers – CCM). He manages the Glenfriars Assets Trust and Glenfriars Higher Income fund. "Outstanding investment ability".
- Peter Pleydell Bouverie of Fidelity, Japan Special Situations Trust.
- Thomas Walford of John Govett Unit management, UK Progressive Income fund and UK Small Companies fund. "Outstanding investment ability."
- Leonard Klahr of CCM who has run Key Fund Managers' Income fund and Smaller companies fund since 1983, and will continue to do so now that Key has been taken over by CCM. "Exceptional ability".
- Derek Childs at Merlin Jupiter who runs their Income fund and International Growth fund. "Exceptional ability".

With an annual subscription of £1,950 the guide is probably well beyond the reach of most private investors. However, Kelly hopes that fund managers will aspire to get on the listing if it becomes established as a "who's who" in fund management (notable for their absence in the first report are MIM Britannia). The report will be updated quarterly, providing news of changes in manager where this is thought likely to affect a fund's performance.

David Barchard discovers that phantom transactions do happen

Haunting the hole in the wall

DO PHANTOMS exist – or are they just dreamed up by over-imaginative bank customers wanting to excuse their own shortcomings? Until recently, I was one of the sceptics. Then, last December, I suddenly found that I seemed to be a *phantom malignly haunting* the bank account of someone I had never met.

The phantoms concerned are not, of course, the supernatural kind, but something almost as uncomfortable: cash machine debits from customer accounts generated spontaneously by the system. Banks and credit card companies deny that phantom transactions can ever occur, although consumer groups and officials in the Office of Fair Trading seem to believe that they do.

In at least one case, the Banking Ombudsman has ruled that a phantom transaction probably occurred. Banks and building societies are not convinced, arguing that there are usually strong reasons for *thinking that the disputed* withdrawal was made by an illicit user of the card.

My own experience as a phantom came totally unexpectedly on a dark and drizzly afternoon in a backstreet of Istanbul at the New Year.

British banking friends had warned me against foreign cash machines. One credit card specialist had told me: "The signal passes through an awful lot of places, and whatever they may tell you about encryption and security, personally I would be hesitant about using my plastic card in one of them."

This thought came to me as I stood with my debit card in front of a local cash machine carrying the Visa logo. It was capable of conversing in several languages as well as *addressing me by name.*

After one or two tries, and an extremely long wait, it gave a sort of a cough and delivered the money.

My disappointment at discovering that I had only got half the money I had asked for rapidly turned to joy when I realised from the transaction slip that it had given me money drawn from someone else's account, in fact a Turkish business account.

This is precisely the thing that all banks tell the world that ATMS can never do.

I *decided to report* it to the branch staff, and after 20 minutes or so managed to attract their attention and tell them what had happened. As I did so, I added grandly that I was the credit card correspondent of the *Financial Times.* Perhaps this was a bit conceited. At any rate, I was swiftly punished. The cash and the transaction slip vanished from my hands.

"They are the property of someone else," the girl at the desk said.

"Excuse me, they are my only proof that this disputed transaction took place," I said. But it was very clear that I was not going to get them back.

At this stage there seemed nothing else to do except ring up the bank's general manager whom I am in the happy position of knowing personally because of my job.

Armed with head office backing, I returned to the branch and this time drew my cash less excitingly but also less riskily on a Visa voucher amid smiles on all sides and offers of tea and biscuits.

The cash machine's internal records were examined by the branch staff and I was assured that the transaction had not been processed and no money taken out of my UK account.

This, alas, proved not to be the case. My next bank statement showed that the money had indeed been deducted. Who, I wonder, was the lucky fellow who collected it? Or did it just *stay somewhere* in the system? We shall never know.

I was not unduly worried because as soon as I drew the situation to the bank's attention, I got an immediate refund and even made a gain of a few pennies on it, thanks to exchange rate movements.

Is this a unique experience? Does it happen often? What should customers do in such a situation, especially if it happens when bank branches are closed or the customer is not in a position to pursue his rights? What should one do if (as happened in my case) the transaction slip is promptly confiscated by bank staff for bureaucratic reasons?

The Istanbul bank wrote me a long and highly technical letter which, if I understand it correctly, seems to say that neither themselves nor Visa International were to blame. The problem, apparently, is that cash machines, or the computers controlling them, get confused.

Visa International were much less helpful. They wrote me a two-line reply saying that they trusted I was satisfied with the explanation I had got from the bank. I wasn't. I had been hoping for some enlightenment from them.

In their international cash machine transactions it is, after all, the Visa logo to which the card holders are responding.

Visa sets the rules for international credit card operations by member banks and one would hope it would be more sensitive to what is a fairly important consumer protection question.

I am, however, assured by other banks that my phantom experience was probably unique and needn't worry other travellers.

Just as well then, that it happened to a credit card journalist who happened to know the general manager of the bank concerned.

Check on your employers

THE COMPTROLLER and Auditor General, John Bourn, last week announced that he was qualifying the accounts of the National Insurance Fund for 1988/89.

One major cause of his disquiet was that many employers were deliberately evading National Insurance contributions and the problem of tracking down offenders was getting too big for the Department of Social Security to handle.

Unfortunately this has serious implications for employees too. Under the present system, the employer acts as the agent of his employees, both in calculating the amount of NI contribution due from employees and in paying the contributions through the PAYE system.

The employee's ultimate entitlement to the basic State pension and any Serps (State Earnings-Related Pension Scheme) benefit depends on paying sufficient contributions.

In addition, the ultimate amount of Serps benefit depends on the DSS having the employees' earnings information.

So what happens to those employees whose employer has deliberately evaded NI contributions or has calculated them incorrectly?

How would they know the contributions were not being paid?

First, at the end of a tax year, the DSS contacts an employee if it finds there is a deficit in an employee's contribution record.

Secondly, when an employee makes a benefit claim the DSS checks out his or her contribution record – a check that should reveal whether or not contributions have been paid.

Third, in the case of the employer becoming bankrupt or going into liquidation the DSS would investigate contribution payments.

The DSS accepts that where a employee assumed, in good faith, that his or her employer was paying NI contributions then he or she should not suffer if those contributions were not paid.

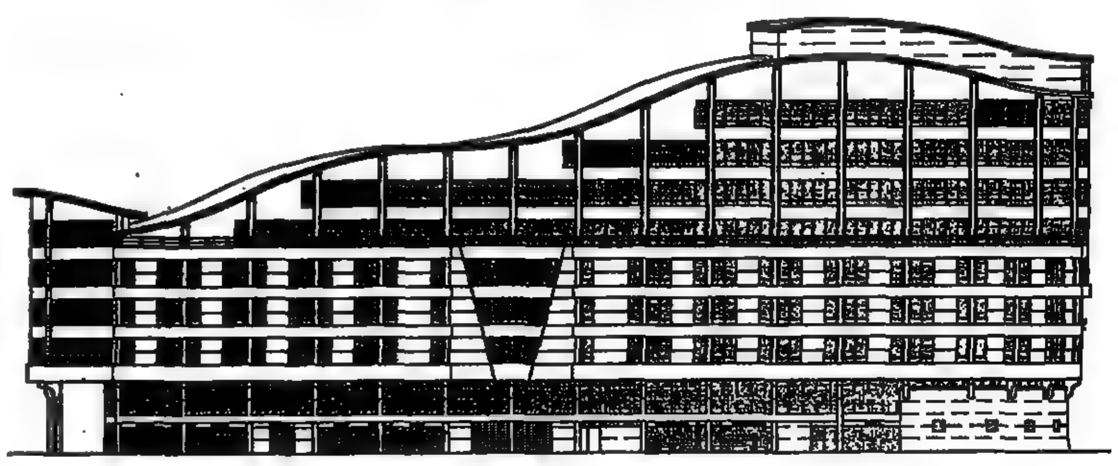
In these cases, contributions are deemed to be paid, providing the employee can produce evidence of such good faith, usually by producing the relevant payslips which show a NI contribution deduction from earnings.

The annual P60 summarises payments over a tax year.

If an employee has not kept the P60 it is more difficult for the employee himself to provide the necessary proof. In such cases, the DSS does investigate further, using its own and Inland Revenue records. But this could take time.

Employees concerned about their NI payments in any way should contact their DSS office.

Eric Short



FINANCE & THE FAMILY

Pension decisions loom

ACTION! FOR THE END OF THE FINANCIAL YEAR

MANY people making their own pension arrangements through personal pensions leave the decision as to how much to invest until the final weeks of the tax year.

They will shortly have to start considering what action to take and life companies are in the process of providing advice that will help you make efficient use of the tax concessions available, whether you are employed or self-employed.

One piece of advice from Sun Alliance Life is aimed at those with very high earnings.

High earners are now discovering the squeeze that has been applied on their tax-free pension contributions by last year's Finance Act. While the new provisions announced in the Budget substantially lifted the contribution rates, at the same time the Chancellor introduced a maximum ceiling on contributions that could be made tax-free. This has effectively reduced the scope for high-earning individuals to cut their tax bills by running up hefty pension contributions.

Although these changes apply to the current tax year, 1989/90, Sun Alliance reminds these high fliers that they may still have a final opportunity to contribute to a personal pension without suffering the effects of the £60,000 ceiling.

This arises under what is known as the carry back provision, which enables an investor paying a contribution this year to carry it back to the previous tax year and set it against the allowances for that year. The £60,000 ceiling is not applicable for 1988/89, so contribution can be stepped up for that year, subject to the old limits. The following example is provided by Sun Alliance:

A man aged 52 earned £130,000 in 1988/89 and expects to earn £150,000 in 1989/90.

His maximum allowable contribution under the new rules this year is 30 per cent of £60,000, or £18,000. But for 1988/89, although his maximum permitted contribution was only 20 per cent, it was allowable against his full salary of £130,000, making a total of £26,000.

The carry back provisions to 1988/89 can be applied by anyone taking out a personal pension before April 5. But action must be taken before the end of the tax year or the facility to carry back to 1988/89 is lost.

At the other end of the spectrum, Sun Alliance Life has responded to a challenge from the Labour Party which suggested that employees who have used personal pensions to contract-out of Serps (State Earnings-Related Pension Scheme) might in some cases be better off back in.

Sun Alliance is planning to start sending each year, to each holder of its contracted-out personal pension plan, an illustration of the relative merits of rejoining Serps or remaining contracted-out. A copy of the illustration is also sent to the individual's financial adviser.

These illustrations have to be prepared in accordance with the rules of the Life Assurance and Unit Trust Regulatory Organisation (Lautro) in respect of the personal pension benefits.

The method used should provide realistic comparisons, but Sun Alliance is using the present Serps benefit structure, which the present Government has drastically cut.

Yet it looks increasing likely that the next Government will be Labour, which has pledged to restore Serps to its former glory. So it would have been more helpful to the policy holder if Sun Alliance had also shown the Serps benefit on the restored basis.

Finally, Scottish Life is mailing all personal pension policy holders asking whether they wish to increase their contributions or top them up, where they have a rebate-only contract.

At the end of the day, an individual providing for his or her old age through personal pensions will only have an adequate income in retirement if they have made adequate contributions.

Rebate-only personal pensions, on their own, will not provide an adequate income in retirement.

E.S.

Heather Farmbrough examines non-assured tenancy issues and their prospects

From cradle to grave in the BES

COLIN IS a reasonably wealthy lawyer who pays 40 per cent more income tax than he would like. He is quite astute, financially, but he can't be bothered with the ins and outs of complicated tax planning. After all, he pays his accountant to do that. Every year, though, the accountant tells him he really ought to look at the Business Expansion Scheme (BES). Colin's response is that the BES was swamped by the introduction of assured tenancies two years ago and he hasn't got the time or patience to read 50 prospectuses, all offering much the same deal.

Only two arguments are likely to tempt him into the BES. It would be gratifying to get back some tax from the Inland Revenue – notably, 40 per cent of the cost of his investment in the first year. The other is to invest in something more interesting, and with a higher risk/reward ratio, than dull, modern flats in purpose-built developments. So, he agrees to let his accountant draw up a short list of non-assured tenancy issues.

He is not sure what to make of Littleworld Nursery Schools, the first such issue under the BES. It has a prospectus that looks well researched and presented, and the people who will be running the schools seem to have plenty of experience. The argument in favour of the issue is well known: demographic factors will encourage more mothers to go back to work and more women want careers after childbirth, so creating more demand for nurseries. In London, certainly, there is an acute shortage of nursery places for the 0-5s, but waiting lists for some nurseries in the provinces have actually got shorter because so many new ones have been set up.

Colin, however, questions the profitability of running a nursery. Official guidelines say there should be one person to care for every two children under two and one for every four children under four, so labour costs are high. Few nurseries make much money, since many parents cannot afford high fees and have to be subsidised heavily. Colin decides to wait to see if the Budget includes any concession allowing the cost of nursery care to be set against income tax – a fairly unlikely development.

He is more interested in the Classic Cars issue, mentioned in last weekend's *FT*, but notices that several other companies seem to be jumping on a bandwagon that could run out of steam. Prospectuses for Classic Cars can be obtained from the sponsors at 27 Keswick Road, London SW15 2JA. Alternatively, Mostwood plc of Sunbury-on-Thames (0932-784-041) is offering a Classic Cars for Investment BES issue.

Colin is quite taken with the idea of Angela Flowers (01-739-8790), an established art gallery which has concentrated on contemporary and British artists. The drawback is that costs are fairly high at 9.6 per cent of the maximum subscription; but the company has a strong and experienced board, the best known member of which is Robert Heller, the former editor of *Management Today*.

Wolseley Fine Arts (01-274-8788) also appeals to him. The company's main objective will be to buy and sell 20th century paintings, drawings and sculptures. To keep costs down, the company won't have its own gallery but will sell through loan shows, joint ventures and other dealers. As he gets older, Colin has concluded that, in real terms, shares and property go up and down but art and antiques just tend to go up.

BES ISSUES DESCRIBED THIS WEEK

Issue	Raising £	Telephone	Closing date
Littleworld	10 x 500,000	01-935-8101	19/3
Angela Flowers Gallery	1 x 500,000	01-739-8790	Being extended
Wolseley Fine Arts	1 x 500,000	01-274-8788	19/3
Johnson Fry Premier Nursing homes	20 x 500,000	01-321-0220	19/3
Matrix Healthcare	10 x 500,000	01-495-4909	19/3

Colin's accountant has just put his mother-in-law into a nursing home and is very bullish about the whole idea of BES schemes in this sector. The nation, he argues, is getting older and will continue to do so. In the next 10 years, the 85-and-over age group is expected to increase by nearly 50 per cent.

Johnson Fry Premier Nursing Homes (01-321-0220) intends to buy existing homes which it can develop and expand. These will be managed by another BES company, Associated Nursing Homes (ANS). The latter intends to buy each Premier company at the end of five years. Matrix Healthcare (01-495-4909) will run along similar lines. Its homes will be managed by Independent Care Ltd, which also says it intends to buy out the company.

Neither issue appeals to Colin, though, particularly Premier's preferential share agreement with ANS. Should the shares perform exceptionally well, ANS would gain up to 49.9 per cent of each company. So, ANS would get a large shareholding at a more favourable price than the other shareholders. On the other hand, should ANS over-stretch itself and not want to buy out Premier, it might be difficult to find another purchaser. And Matrix, he feels, doesn't provide enough information in the prospectus about Independent Care's record.

Being slightly bearish on property prices, and reasoning that house prices and nursing home prices tend to go together, he dislikes the strong property element in both nursing home and sheltered housing schemes. Both markets, he thinks, are in danger of being flooded. Indeed, established sheltered housing builders, like McCarthy & Stone, are finding it hard to sell to elderly people who can't dispose of their own homes.

Colin is still not convinced he hasn't missed the BES boat. Due to exceptional circumstances, last year was a bumper year for the BES, with more than £350m invested in new issues. This year is unlikely to be the same.

According to Anthony Yadgaroff at BEST BES Advice, 74 companies are trying to raise £260m this season. Only £25.5m has been raised so far and he thinks the total will fall short of £150m.

The most successful issue is Airways II (01-582-6389), which had raised £3m earlier this week, followed by Johnson Fry's Waterside Collection (£2.2m) and Kerrington Developments (01-486-7171) with £2m. Among non-assured tenancies, the most successful issues were Broad Oak Pharmacies (£306,000) and Centurian Furniture and Angela Flowers (both £300,000).

Just ditch junk mail

JUNK MAIL is now part of our lives. And certain life companies have become increasingly active in this direct mail marketing sector.

Even so, it came as a surprise when my wife recently received a circular from Norwich Union, one of Britain's largest life companies, promoting a non-profit whole-of-life policy. It certainly does not fit in with the image which Norwich Union tries to project – that of a forward-looking traditional life group, leading the with-profits field, and specialising in all types of pensions as well as life assurance savings plans.

Given the record pension business achieved last year, it seems strange that Norwich Union should seek to sell a non-profit life policy.

Stranger still is the product being promoted. Under a non-profit contract the benefits, guaranteed by the life company, are fixed in money terms. But inflation has, to a large extent, made non-profit contracts obsolete. The guarantee becomes less and less important as inflation depreciates the real value of the benefit.

This is particularly so with whole-life contracts paying benefits on death – an event that may be many years ahead.

Many major life companies have taken such contracts out of their product range. They found it was expensive to update and maintain the required systems to service the very few non-profit contracts being sold. The new style, unit-linked universal life policy is a far more appropriate contract.

Norwich Union no longer markets non-profit contracts, other than term assurances and annuities, through independent financial advisers or through its tied agency force. So why is it promoting this type of contract through its direct mail operations?

Patrick Smith, the group's direct marketing manager, said that products offered by direct mail have to be straightforward so that they can be understood by the recipient. Furthermore, the cost must be kept down.

This product is certainly simple. But the promotional material is misleading with phrases such as "benefits that never decrease", "low cost premiums that never increase", and "what is particularly special is that this peace of mind protection lasts your whole lifetime – guaranteed."

Such language does not fit in with the image that Norwich Union likes to promote of itself as a straightforward, fair dealing life company with a reputation for consistent high level investment management and value for money.

There is no mention in the literature of the effects of inflation on the "real" value of the benefits, and no explanation that the premiums appear low because the ultimate benefits themselves are low.

Potential buyers are lured with such phrases:

"Are your loved ones adequately provided for?"

"Do you want adequate security for your partner when you're no longer here?"

"Have you covered all the expenses your death will inevitably bring?"

"Or perhaps you would like to leave a nest egg for your grandchildren?"

How successful is this product in meeting these objectives?

A monthly premium of £14.95 secures a benefit of £2,970 for a man aged 60 – a benefit that is doubled if death occurs by accident.

In no way can this be described as even an adequate benefit level in a proper personal financial planning exercise. Yet the literature states that: "For less than £15 a month, you can give your family the security of thousands for the future."

The life expectancy of a man of 60 is 17 years. Over that time, he will have paid £3,049.80 in premiums for a benefit of £2,970 in money terms, but worth only £1,296 in today's money terms if inflation is only a modest 5 per cent a year.

Even worse, if he decides to surrender the contract after five years, he will get back only £335 after paying £897 in premiums.

One statement in the literature that can be justified is that a person taking out this contract gets immediate acceptance, since no medical evidence, let alone a examination, is required.

Smith defends the policy offer on the grounds that it provides an opportunity to get some life cover for people who otherwise would do nothing.

Nevertheless it is difficult to see why Norwich Union does not offer a with-profit contract, even though Smith claims that these products are more difficult to sell through direct marketing. The non-profit contract looks attractive only to a person who is terminally ill, and even on early death there are snags.

The policy only pays out the full sum assured if death occurs after two years. The benefits if death occurs during the first two years is the return of the premiums paid, increased by 50 per cent.

Why don't the regulatory authorities question such misleading literature – the Financial Services Act was supposed to end this type of marketing.

My advice to people reading the offer is that if you decide you need life cover, consult a financial adviser. There is no such thing as cheap life assurance.

E.S.

Eric Short on car insurance

Ring a quote

MOTORISTS wishing to insure their car with a Lloyd's of London syndicate can now arrange this by picking up a telephone and dialling a number in Bradford, West Yorkshire (0274-631-686). No longer do they have to go through an insurance broker with access to Lloyd's, either as a member or via an umbrella arrangement with a Lloyd's broker; under the new arrangement, they can go direct and, possibly, obtain a more competitive quotation.

Selling personal insurance direct to the public has increased substantially in recent years, particularly motor insurance where the method accounts for 15 per cent of business. The attraction is that you can arrange your insurances from the comfort of an armchair or the convenience of an office desk, quickly and easily.

You provide the required details over the telephone and the insurance is issued automatically if the information given is satisfactory.

Lloyd's motor syndicates have lost out in this latest development. They have been expanding their marketing outlets beyond the traditional Lloyd's broker channels – but not fast enough to stop their share of the private motor market declining from 15.9 per cent in 1985 to 14 per cent in 1988.

Now, 10 of them have banded together under the umbrella of Baillie Longstaff, an associate firm of Lloyd's broker Richards Longstaff (Insurance), to offer a direct response service called Motor Line Plus.

The underlying administration systems are crucial to the success of a direct response insurance operation. Baillie Longstaff already has developed such systems in running in-house motor insurance schemes for the employees of Littlewoods and Grattan Warehouses.

Motorists using the service telephone the Bradford office of Baillie Longstaff, when they will be asked to provide all relevant details of their motoring history, the vehicle to be insured and so on. Baillie Longstaff will then view the policies being offered by the 10 member syndicates and recommend the most suitable.

Up to now, the direct response services operated by insurance companies have tended to restrict cover to good risks – the family or middle-aged motorist with a clean driving and claims record. Motor Line Plus will consider insuring virtually any motorist who applies.

Cover notes are provided on the spot. Motorists will then complete the usual proposal form to confirm the information provided over the telephone.

Baillie Longstaff has authority to issue the full documentation required under the Road Traffic Act. The service offers a 24-hour recovery service and car hire after an accident, plus an uninsured loss recovery service.

The acid test of any insurance operation is, however, the claims service. Motorists making a claim notify Baillie Longstaff but, after that, the motorist deals directly with the syndicate. Baillie Longstaff is, however, prepared to represent the interests of the motorist should problems arise over any claim.

Here, motorists considering insuring at Lloyd's need to remember that the cover provided for a particular risk varies between syndicates. Lloyd's policies tend generally to have more exclusions than those issued by insurance companies. So, motorists need to check that the Lloyd's policy recommended meets their requirements.

FINANCE & THE FAMILY

Make the best of tax changes

MY ONLY income (other than investment dividends) is a small pension. My wife receives a larger pension and, until now, I have been able to transfer all my spare income tax allowances to my wife. This has almost cancelled out her income tax deductions.

After reading form IR82 about the new tax system, we understand that all my interest, although *taxed at source*, will be classed as income and added to my pension before my spare allowances are calculated. Would it pay us to put all our investments in my wife's name?

■ Yes, you have understood the IR82 pamphlet correctly.

You do not want to leave yourself with an income less *than the basic personal allowance* in future years, because the unused part of that basic allowance would be wasted. Your basic personal allowance will depend upon your age, of course, as mentioned in pamphlet IR81.

If you decide to give some of your investments to your wife, it is important to ensure that *none of the income can flow* back to you, even indirectly, or you will risk it being deemed yours.

Poll tax poser

I AM A practising veterinary surgeon with a wife and a five-year-old child. I own two freehold properties. The first is a surgery with a flat above. We lived there until spring 1988 when we bought a house, where we live now.

My wife and I use the flat seven days a week, as we both work in the surgery. On average, I spend two nights a week there when I need to stay with my in-patients.

When I received my poll tax form for the house, I stated that all three of us lived there (assuming that the surgery premises would be subject to the business rate). I was surprised to receive another poll tax form for the "surgery home and premises."

If I declare that this property is empty, I will presumably have to pay the standard community charge. Could I declare that I live there, thereby sav*ing the equivalent of one com*munity charge? I would, of course, have to de-register from the house, leaving my wife still registered there.

■ It seems from what you say that the house is the main residence of you, your wife and your child, and that the accommodation above the surgery is not a main residence of *any of you.*

If that accommodation is included in the assessment for business rates of the surgery, you might be able to argue that no standard community charge is exigeable; but, if not, it would seem that you can be required to pay the standard charge on that accommodation.

A costly mistake

DUE TO A mistake in my employer's pensions office, the contributions of 15 per cent of total emoluments to pension provision *allowable* by the Inland Revenue has for some years been under-calculated. It has now been established that other taxable benefits I received can be added to salary in order to calculate the 15 per *cent.*

The result is that myself and several colleagues who are reaching retirement have not made AVC contributions to the maximum permissible level, and we are told that the taxman will not entertain any suggestion of making up back payments, even though one's pension will be reduced because of an error by our employer. Would an approach to the Revenue on an individual basis solve the problem?

■ Regardless of the circumstances, there is no chance of the Inland Revenue permitting you to back-track over the years and pay arrears on AVCs. You can only pay 15 per *cent taxable remuneration* from your employment for the present period.

Taxman is watching

MY WIFE owns a small terrace *house* which has an elderly tenant. The house was bought 11 years ago for £1,500 and should now sell for about £30,000. In view of the new tax laws, should this house be owned jointly between us? She is obviously going to pay capital gains tax and we assume joint ownership would save us some tax.

Second, both of us lost money on shares after Black Monday in 1987. If the house is put in joint ownership, can we both claim capital gains exemption and can we both offset losses on shares against gains on the house value.

■ The Inland Revenue will be on the look-out for tax-avoidance devices like the one your wife has in mind, so it is fairly unlikely to be successful. Since the services of a solicitor will be required for any conveyance into joint names (as tenants in common, as distinct from joint tenants), *your wife might wish to con*sult the solicitor as to the chances of her scheme to avoid part of her potential CGT liability being attacked, or frustrated by, specific legislation in the 1990 Finance Bill. At the same time, she might wish to obtain an estimate of the market value of the house (subject to the tenancy) as at March 31 1982.

Your wife's allowable losses on shares etc. will be available to be set against her chargeable gain on the sale of the house, so far as we can tell from the limited data provided. Similarly, your own allowable losses would be available against your own chargeable gain if the scheme were successful.

Husband and wife will indeed each receive an exempt amount for CGT purposes in future years, but it is unwise to assume that exempt amount will be as high as the present figure (£5,000). Ask your tax inspector for the free pamphlet CGT15 (1989) — Capital Gains Tax: A Guide for Married Couples.

If you could move into the house for a little while before the sale contract, this could reduce the prospective CGT bill without producing the unacceptable potential CGT bill upon the sale of your present house.

Insurance wrangle

I AM IN dispute with my insurance broker and/or the company he chose to insure me. I seek to know whether the broker is my agent or the agent *for the insurance company.*

The broker arranged a home contents insurance for me and I paid a premium. The insurance company then repudiated the contract because, some years ago, I refused to pay an *unreasonable charge for what* they termed "time on risk." It was, in effect, only a few weeks.

My new insurers require a considerably enhanced premium and certain other modifications to the house such as a burglar alarm. I seek to *recover my additional costs* from my broker or from the original insurer who repudiated the contract. Which should I sue?

■ The insurance broker is your agent, although he might also be an agent of the underwriting company for some purposes. If the reason assigned by the insurers for repudiating the contract was not known to the broker, your claim is likely to lie against the company alone. Otherwise, you might want to sue both.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Looking for a lawyer

ONE OF your correspondents asked recently if it would be possible to change his house ownership to a tenancy in common with his wife; and if the first to die should leave his/her half to a discretionary trust so as to avoid inheritance tax.

My husband and I have no experience of this sort of thing. We are salaried earners with no investment outside a building society, but we find our house is worth over £300,000.

What you described sounds rather a complex manoeuvre, needing to be carried out by an *experienced and highly compe*tent tax lawyer. Could you recommend a solicitor or advise me on finding someone?

■ We cannot recommend a solicitor but you can obtain a list from the Law Society. The first part of the process — changing a joint tenancy to a tenancy in common — requires only an informal letter from one spouse to the other giving notice to sever the joint tenancy, and need not involve a solicitor.

Change of will

YOU HAVE in recent years printed several cases of the use of a tenancy in common by husband and wife to reduce inheritance tax. My wife and I are tenants in common and have made wills bequeathing our half shares in our residence absolutely to our two sons. In addition, the wills state that no sale of the property shall take place during the lifetime of the surviving spouse without his/her consent *in writing. Would you recom*mend a slightly different approach?

■ Yes. First, it might be preferable to bequeath to your sons rather less than a full half share in the equitable interest: say 40 per cent, with 10 per cent going to the surviving spouse.

Second it is preferable not to *make a provision, such as* your consent to sale provision, which could be construed as creating a life interest. Any such arrangement should be made separately from the will, as a collateral bargain or family understanding, as the case may be.

Best way to avoid IHT

MY FATHER has been advised that to avoid inheritance tax *on his house,* valued at about £200,000, he should share his estate with his wife by means of the "equalisation of estate" method.

My father owns the house, which is willed to his wife and then to their two sons after her. Is this the best method of avoiding inheritance tax?

■ Your father's will is not in the most tax-efficient form. It would be preferable for him to make an outright gift of, say, 45 per cent of the equity in the house to his sons, leaving some 55 per cent to his wife.

Refunding deposits

SOME TRAVEL firms and charity organisations request that non-returnable deposits must be paid when bookings are made for day trips and tours. If these become overbooked, is it legal for them to retain the deposits for the unsuccessful applicants?

■ The question of whether such deposits may be return*able depends on the precise* terms of the agreement made at the time of the deposit. If no express conditions are attached, a case can be made out for the deposit being refundable if the cancellation is the fault of the operator or promoter rather than the customer.

Don't spare that tree

THERE IS an ash tree 5 ft from my front garden wall and hedge. It overshadows the house; leaves clog the gutters; windswept broken twigs have scratched windows; and the TV aerial had to be raised because of transmission interference.

One local council official has told me the height would be reduced by 10 per cent in line with policy although another *official agreed that a full re*shaping was needed.

Can I require the authority legally to sever the branches where they overhang my wall and also reduce the height? Can I claim for the cost of clearing gutters and, possibly, re-glazing?

■ Unless the tree is dangerous you cannot require the council to act, although you might persuade it to do so. There is, however, no reason why you should not rely on the general law of nuisance and trim back the tree, provided that it is not the subject of a preservation order. It is doubtful if you could recover the cost of clearing gutters or re-glazing your windows.

Going to the dogs

I LIVE IN an isolated position except for one house about a quarter-mile away. The owner's mother runs a kennel business and the dogs' persistent barking is affecting severely the enjoyment of my home and *garden. How can I protect* my environment from this noise pollution?

■ You might be able to get some assistance from the environmental health department of your local authority. The department has powers to abate a statutory nuisance, or to prosecute, under the Control of Pollution Act 1974. *Some authorities are reluctant* to invoke these powers, though, so you might need to use some persuasion.

No case for argument

I RECALL reading somewhere that it had been decided that a briefcase is now an allowable expense and can be set against income, even if the claimant is not self-employed. Is the Revenue right in rejecting my *claim?*

■ Yes. The Revenue were quite correct in rejecting your claim and we must advise you that There is no authority to support the contention that the cost of a briefcase is now an allowable expense to set against income.

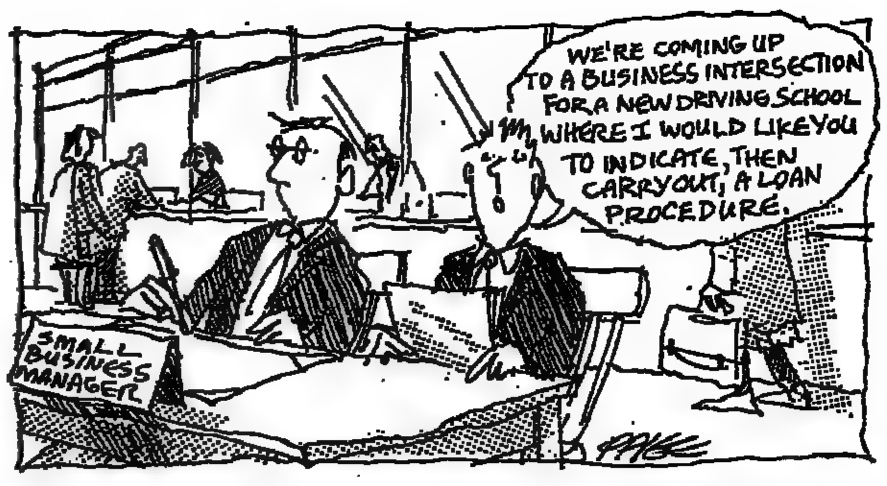
INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	6.00	5.10	4.08	monthly	1	-	0-7
High interest cheque	9.20	9.60	7.68	monthly	1	5,000-9,999	0
High interest cheque	9.40	9.80	7.84	monthly	1	10,000-24,999	0
High interest cheque	9.60	10.0	8.00	monthly	1	25,000-49,999	0
High interest cheque	10.20	10.70	8.56	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	7.00	7.12	5.70	half-yearly	1	1-250,000	0
High interest access	9.00	9.00	7.20	yearly	1	500	0
High interest access	9.75	9.75	7.80	yearly	1	2,000	0
High interest access	10.25	10.25	8.20	yearly	1	5,000	0
High interest access	10.50	10.50	8.40	yearly	1	10,000	0
90-day	10.25	10.51	8.41	half yearly	1	500-9,999	90
90-day	11.00	11.30	9.05	half yearly	1	10,000-24,999	90
90-day	11.50	11.83	9.46	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	11.75	8.81	7.05	yearly	2	5-25,000	1 mth
Income bonds	12.50	9.93	7.94	monthly	2	2,000-25,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.78	11.31	9.05	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	13.95	11.81	10541	half yearly	4	-	0
8pc Treasury 1992	13.87	11.72	10.43	half yearly	4	-	0
10.25pc Exchequer 1995	12.68	9.96	8.32	half yearly	4	-	0
8.5pc Treasury 1994	13.03	10.08	9.31	half yearly	4	-	0
3pc Treasury 1992	11.69	10.84	10.35	half yearly	4	-	0
Index-linked 2pc1992§§	10.60	10.08	9.75	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ‡ Special facility for extra £10,000 §Source: Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

Lloyds rings the (small) changes



UNTIL QUITE recently, you might have thought twice before popping into a branch of Lloyds bank for advice on how to start such unusual small businesses as, say, a beauty therapy service, a driving school or a freelance writing service. But those are just three occupations I have chosen at random from a list of more than 100 for which the new small business centres (SBCs) at Lloyds can assist.

At the touch of a button, the centres produce excellent guidance sheets containing basic facts about the market, potential customers, competition in the sector, start-up costs, marketing the product, qualifications and training, and legal requirements for each chosen business.

All this shows that Lloyds is taking the small business market very seriously indeed. While it does not aspire to be the biggest bank in Britain, it does regard as essential the provision of a vigorous service to people starting up in business on their own.

This is part of its efforts to outstrip its rivals through the sheer quality of what it provides. In Lloyds' own parlours, you don't hear much about the bank getting bigger – but you do hear a lot about it getting better.

To quote its mission statement: "The bank's objective is to create shareholder value by achieving a sustained superior return on equity."

Lloyds has about 2,000 British branches and 300,000 small business accounts. Even when drawing the parameters of a small business, it takes a different view from most of the other banks. They define a small business as one with a turnover of anything up to £1m but Lloyds draws the line at £500,000.

Businesses with a higher turnover usually are seen as the responsibility of one of the network of commercial service offices that exist separately from the traditional high street branches.

Lloyds' small business customers can bank with one of the 328 SBCs to be found inside selected branches. By the end of this year there will be 400 of them and the target is 500. "The emphasis is upon that word 'small'," says Roger Bardell, head of small business services, who has been putting the bank's strategy for this sector into action for the past three years.

By the end of this year, the bank will have 400 small business centres

Lloyds started in 1987 by assembling a range of "products" – to use the jargon of banking – which, it decided, would help budding business people get on their feet. The SBCs were the result of hard thinking about how to deliver those products to the customers in the most efficient fashion.

The bank actually paved the way for its new initiative as far back as 1986 when it introduced a standard business tariff, making clear the basis of its charges. That proved helpful to small businesses in their planning.

Another innovation, a "managed rate" overdraft facility, proved popular because it removed some of the uncertainty from the financial management of small businesses. For instance, when the bank rate changed 15 times within nine months in 1988, the rate to customers using that facility changed only once.

Another new product has been fixed-rate lending to small businesses. The bank borrows a chunk of money – say, £100m – on the money market and lends this in packages of up to £15,000 at the fixed rate, usually over three years.

Some people may have seen the SBCs – 22 were opened in January alone – as being an expensive "bolt-on" to the Lloyds branches where they are installed. But Bardell says: "In fact, they are more than earning their keep by boosting the incremental income of their branches."

Up to three bankers manage each SBC and each centre handles up to 350 small business accounts. That compares with an average of 150 small business accounts handled by an average Lloyds' branch.

The senior person on the SBC team is an assistant manager and the others are at bank officer level. The job is proving popular. Young employees see the small business specialisation as a handy leg up through the snakes and ladders of the promotion system while older staff feel they get more opportunity to deal with people and their problems – as well as being rescued from some of the drearier chores of routine banking.

To start the considerable task of retraining 700 staff for the centres, Lloyds called in expert outside help. A research group, Project North East, provided the bank with its library of profiles of business opportunities for individuals. These are stored at the SBCs on IBM machines.

SBCs provide a place where you can get quick answers to varied questions

The Manchester Business School did the ground-work (operating from a Lloyds' specification) of preparing a course designed to give bankers an understanding of small business and enable graduates to "get under the skin of small business operators," as Bardell puts it.

Once the professional trainers in each region had done the course, they began training fledgling business bankers. The process is still going on. One useful spin-off is that some SBC staff are moving on to other jobs in the bank and taking their small business expertise with them.

The SBC staff do not have any greater lending powers ("discretion," to the trade) than the managers of their branches. But they do have a range of skills that can be particularly useful to a business in its early days.

What is probably more important to the average small business person is that the SBCs provide a focus – somewhere to go within the bank to get quick answers to varied questions. And Lloyds knows that the whole art of banking for small businesses will evolve, with customers growing more sophisticated at comparing the services of rival institutions.

Recently, the bank ran a pilot scheme in Dorset, providing advice for small business people on a telephone hot-line. The number of calls proved to be related directly to the degree the service was advertised in the local press.

At its peak, hundreds of calls were fielded every evening by an advice team of a bank manager, an accountant and a solicitor. The service proved expensive to run. But it is a small indicator of the way the big banks are thinking about their relationship with small businesses.

The economic climate for starting a business is less favourable now than for several years. Lloyds is very conscious of the rising number of small businesses that are failing for various reasons.

The positive side is that the bank opened 55,000 new small business accounts last year and expects to open as many, if not more, this year.

Roy Hodson

For Bernard, everything in the garden is lovely


Trevor Humphries

Bernard Richter . . . his customers are his real interest

BERNARD Richter is living proof that running your own business need not dominate your life. He measures carefully the amount of work he undertakes in his one-man gardening business so that his income each year is just below the trigger figure of £23,600 for paying value-added tax. Office work is definitely not included in his chosen life-style.

This means that he has ample time to indulge his love of skiing, and it also means there are a good many disappointed garden-owners in west London. For Bernard, as he is always called, has become a popular figure who is valued highly.

Whenever he parks his old Volkswagen van to do a job, he can be certain that notes requesting his services will be tucked under his windscreen wiper.

Bernard seems to be that rare animal – a truly happy man who has created a way of living that suits him. He is a very good gardener who also has the building skills needed to put walls, fences and paving to rights.

But he is not devoted to gardening. He sees it only as a job that he likes to do well. His real interest is in his customers.

Most of his business is centred around the ever-so-slightly eccentric King's and Fulham Road districts. He says: "These are very special people and I do love them. They give me tough nuts to crack. They want a maintenance-free garden but, nevertheless, a garden with a heart."

As a small businessman, Bernard is successful – although his success lies in terms of job fulfilment rather than an impressive income. But it has taken him years of hard work – and some disappointments – to get there.

He and his girl-friend of 29 years' standing, Kirsten, are West Berliners who came to London in 1975. They found a flat in Fulham and she soon was earning a salary in local government. "We came because we prefer the people and the life-style of London to West Berlin," he says.

He had been trained as an estimator for central heating and plumbing but was not keen on doing similar work in London. When his money ran out, he went to the local Job Centre where he was told that a company called Garden Construction in Chelsea was looking for labourers.

Bernard, employed at £30 a week, proved a harder worker – and one more able to learn gardening skills – than any of his colleagues. Two years later, he bought half the company and the managing director became his partner.

As someone employing as many as 25 people at busy periods, he admits now that he always was uneasy. After a couple of years, he sold out to his partner for £6,000.

Finding himself with modest capital, he accepted a paving job for a family house in Battersea. The idea of working on his own, and for himself, appealed immediately.

Showing a streak of Germanic thoroughness, he visited the Small Business Advisory Council. "They told me more about the difficulties of starting a small business than the ways to overcome those difficulties," he recalls, ruefully.

Bernard then made a quick trip to Berlin and picked up his second-hand, left-hand drive van for £550. He had it sprayed, and his name painted on it, for another £200.

Apart from a modest outlay on tools from time to time, the van has been his total capital investment. He does not have an office: an answering machine in his flat suffices.

His only marketing has been his name and address in the Yellow Pages so that clients who lose his number can find him again.

Bernard has now been running his one-man business for nearly five years and has reached the happy position of being able to select his own customers. His philosophy of pegging his income below the VAT level means he always has time to stop in the street to gossip with an old customer or a potential new one.

If he has been earning too much, he simply takes a few days off to redress the balance.

But garden construction is hard manual work and Bernard, now aged 48, realises the time is approaching when he would prefer to be indoors as English winters rage. He has a plan. He is collecting contemporary paintings and intends, in precisely six years' time, to open a small gallery, probably in Chelsea, to exhibit "unknowns."

☐ *Bernard Richter, garden design and construction (tel. 01-385-8872).*

R. H.

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LEGAL NOTICES

No. [illegible] of 1990
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF [illegible] GROUP PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 7th day of February 1990 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Warner at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 19th day of March 1990

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge.

DATED this 10th day of March 1990.
[illegible]
London EC2V 7BU
Ref: [illegible]
Solicitors for the Said Company

No. [illegible] of 1990
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF [illegible] GROUP PUBLIC LIMITED COMPANY (formerly CLOGAU GOLD MINES PUBLIC LIMITED COMPANY)
AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on 19th February 1990 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of (i) the capital of the above-named Company from [illegible] to £2,750,000 and (ii) the share premium account of the said company by [illegible]

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Warner at the Royal Courts of Justice, Strand, London WC2A on Monday the 19th day of March 1990

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reductions of capital and share premium account should appear at the time of the hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 10th day of March 1990
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Solicitors for the above named Company

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PERSPECTIVES/GARDENING

Luangwa: where romance collides with ugly reality

Nicholas Woodsworth on Zambia's latest attempt to win the war against poachers

TINTIN, THE intrepid journalist created by the Belgian illustrator Herge', had a habit of tripping over the little white dog who accompanied him on all his journeys. On a *recent journey of my own, I found myself* clumsily tripping over not a little white dog, but enormous piles of elephant droppings. Otherwise it was just like jumping into the brightly-coloured pages of the cartoon adventure *Tintin in the Congo*.

In those tropical wanderings, like Tintin, I enjoyed all the romantic African clichés the armchair traveller dreams of. There was the bush, trackless and simmering under a vast African sky. There were long days of trekking, with a line of barefooted, half-naked porters snaking through green jungles with heavy loads on their heads. There were gibbering monkeys, brilliant blue butterflies and startled herds of antelope.And in the long evenings in camp, the roar of nearby lions, and the nervous and sudden glint of white eyeballs in dark, campfire-lit faces.

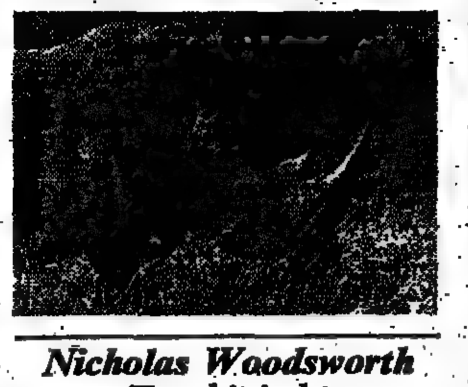
Vital to all Tintin stories, of course, is the ever-present threat of cunning and dangerous men who will stop at nothing to achieve their ends. And here, as I learned on my trek with an anti-poaching unit on patrol in Zambia's South Luangwa National Park, is where the romance of the African bush collides with some of its ugly realities.

For over a decade, determined and well-armed poachers have waged a ruthless war against the wildlife of the Luangwa Valley, part of the once fauna-rich Rift system. They have poisoned water holes where vast numbers of buffalo drink, machine-gunned herds of elephants for their ivory and mown down rhinoceros for their horns. With more than 100,000 elephants ten years ago, the Luangwa Valley had the highest single elephant population in the world. Since then, poachers have *slaughtered 75,000 of them; if the poaching* doesn't stop, conservationists say there will be none left in five to ten years.

The area used to have about 4,000 rhinos. No-one is sure how many are left today. In one area of dense bush where they have taken refuge, park warden Daudi Chambali has seen 14.

Hunting by local tribal people has gone on for hundreds of years with no ill effects – only what was needed for food was killed. Today a strong hunting culture continues to exist in the Luangwa Valley, and, as traditional food providers, hunters retain a respected postion in the community. But the economic equation has changed. The late 19th century arrival of Arabs who *came to* hunt hippos for the manufacture of hippo-hide whips started an open season on the valley's wildlife. The Arabs were joined a little later by white hunters who began shooting elephants for the ivory trade.

When over-exploitation *resulted in a ban* on elephant hunting in the 1920s, illegal poaching established itself on a moderate



level. It only took on epic proportions in the mid-'70's with the conjuncture of four events – the rocketing of ivory and rhino horn prices in oriental and middle-eastern markets; a rapid decline in the Zambian economy and growing desperation of its citizens; increasing levels of corruption and inefficiency in the national parks service charged with protecting wildlife, and the sudden availability of lethal automatic weapons recovered from the region's numerous liberation wars.

*In spite of the efforts of such organisa*tions as the World Wildlife Fund-supported "Save the Rhino Trust," the rhino was not saved. Victim of a large and well-organised network of ivory and rhino horn traders, the rhino was no match for the large numbers of poachers armed with Chinese M59 automatics, NATO FN rifles or the renowned Kalashnikov AK-47.

New efforts to bring things under control were initiated last year with the Luangwa Integrated Resource Development Project (LIRDP), a scheme designed to show local commercial poachers that they stand to gain more from protecting animals than by destroying them. By putting the economic control of wildlife in the *hands of local people, by allowing them* the right to shoot controlled numbers of animals – including elephants – and then to market the products, a strong incentive is given for conservation. In its short existence, the project has been *remarkably* successful.

I spoke to an ex-poacher, Kunda Bulaya, who since last year has been a driver for the LIRDP. Using automatic weapons and ammunition covertly purchased from Zambian army personnel, he slaughtered *almost 1,000 elephants and 200 rhinos dur*ing a career lasting 16 years. In the late '70's he was paid about US$1 a kilogram for ivory; rhino horn was simply slung into the same sack along with the tusks and paid for at the same rate.

By 1986 the incentive to poach had grown much greater; Bulaya was then receiving $25 a kilo for ivory, and $2,500 for the horns from one rhino. In one three-week trip into the bush with his AK-47, Bulaya could earn $8,000, a fortune by Zambian standards.

It is estimated that a sum equal to well over half Zambia's $900m debt to the IMF has left the country in the form of illegal wildlife exports. With these kinds of rewards it is evident that poaching remains difficult to stop. It is not only the poacher himself who profits – LIRDP director Richard Bell estimates that more than 100 people are involved in the killing of an elephant. At the logistical level, participants can range from arms suppliers in the Zambian military and police to local manufacturers of primitive muzzle-loading weapons to the man in the village agricultural co-op who steals nitrogen fertiliser to make ammunition. The poacher does not *go into* the bush alone; he is accompanied by large numbers of locals employed in carrying ivory out to main roads.

While poaching in the 13,000 square km LIRDP area has been significantly reduced, in other areas in the valley a

Photographs: Glyn Genin

Poachers have slaughtered more than 75,000 of the 100,000 elephants that lived in Zambia's Luangwa Valley ten years ago

full-scale war continues. Warden Daudi Chambali talks of regular mass invasions of up to 300 poachers and porters in the poorly policed North Luangwa National Park. Most of these men are not after ivory or rhino horn, but the meat from once enormous herds of buffalo.

Finally, higher up the marketing ladder, are the financiers, middlemen and exporters of illegal wildlife products. Many poachers are pre-financed for the cost of arms, ammunition and porter's wages by Zambian businessmen. West African, Malawian and Somali entrepreneurs dominate as primary, in-country purchasers of ivory and rhino horn. But according to Dr Bell, among those most active in the export trade are members of foreign embassies. These include, he maintains, US and British diplomats.

One of the greatest obstacles to bringing matters under control is the Zambian National Parks and Wildlife Service itself. It is, according to one foreign aid official attached to the LIRDP, "rotten from top to bottom." One example of the kind of corruption involved is the case the game warden of the Mpika area adjacent to the Luangwa Valley. He was recently arrested for confiscating a poacher's guns, only to re-issue them his own stable of poachers.

Daudi Chambali, one of the few committed men in the wildlife service, is frustrated at the lack of honesty and motivation. "It's more than annoying when all your colleagues are out boozing; if we don't pull up our socks soon, our wildlife will be all finished inside a decade."

The service may soon have its socks pulled up for it; President Kenneth Kaunda, who is highly sensitive to Zambia's poor conservation image internationally, will soon initiate a thorough investigation of Parks and Wildlife. Predictions are that many heads, including senior ones, will roll.

My own walk, in a densely-covered area where rhino have been recently sighted, was uneventful; the LIRDP have mounted a seven-day-a-week surveillance of the area, and poachers have taken the message. It was, however, demanding.

For the moment LIRDP is using most of its $12m funding from the Norwegian aid agency Norad to finance infrastructure development. Eventually LIRDP anti-poaching efforts will be receiving $200 per sq/km a year, compared with the $2.50 per *sq/km the country's wildlife areas received* in 1987. In the meantime, material for the scouts is scarce. The leaky tarpaulin we used as a tent could only be pitched when one of the unit removed his bootlaces to use as a guy-rope. Medical supplies are not in great evidence – thorns are hacked out of porter's bare feet with a panga, the African machete. The food, maize meal and dried fish, is unvarying, and the scouts complain of not even enough money for tea or sugar. Arms were not more sophisticated or numerous than two 12-guage shotguns and an ageing Winchester rifle. And the miles covered each day on patrol are long and difficult.

Nonetheless, it seemed to be the conviction of every man in the unit – not one of whom has not had a poacher somewhere in his extended family – that what they are doing is worthwhile. Eventually, they believe, anti-poaching, rather than poaching, will lead to better lives for them all.

Gardening

For serious field studies

IN TWO months we will be admiring the bluebells, wild buttercups, cuckoo-spit and perhaps a few remaining fields of cowslips. May is the month when meadows are seductive: why not transplant the idea back home? We now see wild flowers on stands at the Chelsea Flower Show: most of Britain's old turf has vanished since 1950 and gardeners have rallied to the idea of saving what farmers have been destroying. Why not give Mother Nature her head?

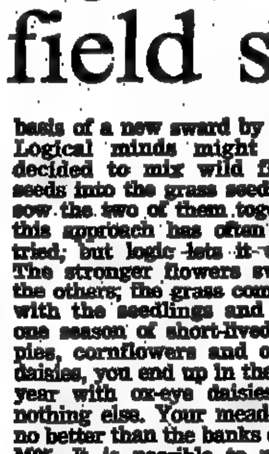
Nature, however, is headstrong. A great authority on meadow-gardening once told me that he would sum it up in a sentence: "Treat mother nature as you would treat the au pair." What he meant, I now realise after experience in both departments, is "be firm with her, limit her scope for running wild when your back is *turned; above all, point* her in the right direction in the first place." He is absolutely right. If you want to recreate a bit of a meadow, you need to plan it now and take a sequence of *steps to your eventual end.* Meadows are messes if you leave them to their own devices.

Wishful thinking *makes* them messes, which cause a matrimonial mess too. Deborah Kellaway, in her book, *Making An English Country Garden*, puts it frankly: "I envisaged a paradise garden where all manner of flowers would be embroidered among the grass; I planned to supplement the wild flowers by sowing and naturalising choice bulbs . . . I began by scattering seeds of honesty . . ."

Husband then intervened: "Having got the stuff short he wanted to keep it short. He would rather drive 100 miles from London in the growing season to cut the grass than let it grow really long again . . ." Next summer, in the traffic jams out of London, allow for the mad, male mowers: come what may, they must get to the cottage by moonlight and maintain sward.

Husbands, of course, are not safe with au pairs: Deborah Kellaway ought to have gone about it differently. There are three main routes to a meadow-garden: non-mowing, sowing, or poisoning the entire area and starting it again from scratch. It may interest the "greens" to know that the *third route, poisoning and* starting afresh, has emerged as the clear winner since wild flower season and meadow-gardening became widely fashionable in the late 1970s.

If you want to establish wild flowers in grass you must begin by correcting the grass. If it is rough or unduly vigorous, poison it when it starts to grow this month by spraying it with Tumbleweed. By mid-April your meadow will have turned a memorable shade of orange-red: you can have it



rotavated, and then rake off the debris and sow a suitable grass-mixture in its place. Choose a hard-wearing seed-mixture without rye grass: personally, I would also avoid Timothy grass and sweet vernal grass, two varieties which *are often sold to meadow-gar*deners because their seed-heads wave prettily in the wind. They are too tall; they spread rapidly and they do not belong in my ideal meadow, the foreground of Botticelli's Primavera.

If it rains more than last year you ought to have the basis of a new sward by June. Logical minds might have decided to mix wild flower seeds into the grass seeds and sow the two of them together: this approach has often been tried; but logic lets it down. The stronger flowers swamp the others; the grass competes with the seedlings and after one season of short-lived poppies, cornflowers and ox-eye daisies, you end up in the next year with ox-eye daisies and nothing else. Your meadow is no better than the banks of the M25. It is possible to poison strips in a bigger area and then sow wild flowers into these patches only. The young seedlings need careful attention in the first nine months and if possible, I would avoid the method.

The best course is to sow the wild flowers somewhere else, in boxes or in lines in a kitchen garden. Space the developed plants widely through the meadow and leave them to get on with it: if they *are going to persist, they will* seed themselves anyway without your help. If you raise established plants yourself, they are much cheaper than bulk sowings of cowslips, harebells *or ladies smock directly* into turf.

Timing is rather important. The seed of many native wild flowers does not stay fresh for very long. Many plants germinate more freely if the seed is bought and sown as soon as possible after harvesting in early summer. A major wild seed supplier ought to ensure that you have a fresh crop: one of the most experienced is John Chambers, 15 Westleigh Road, Barton Seagrave, Kettering, Northants.

Another possibility is to go out and collect your own. In greenspeak, "a phone call to the local nature conservation society will almost certainly lead you to an exciting meadow somewhere in your locality, soon to be destroyed, and therefore ideal as a small nugget of meadow-history." You might, perhaps, be lucky.

Serious meadow-planters are advised to read older hands' recommendations. There are two important lectures in the Journal of the Royal Horticultural Society for June and July 1976 by one of our most experienced meadow-owners, Christo*pher Lloyd, who has managed* a famous meadow-garden at Great Dixter for many years.

I would add a point which he probably made, but which I learnt the hard way in a *meadow which went the oppo*site way in 1976 and became a long-grass jungle. Wild flowers flourish when the soil is poor and the grass, therefore, is not too lush. Never manure your soil and if possible, remove the grass-mowings so as not to encourage the coarse varieties to return.

I blame my first failure partly on rotary mowing, which left the cut grass to decompose and pep up the meadow grass underneath it. The right procedure was followed in the National Trust garden at Sizergh Castle in Cumbria. Here, a long meadow-bank starts to flower with wild daffodils, goes over to primroses, double ladies smock and purple orchids, then to meadow geraniums and finally to betony. The soil is fairly poor above the local limestone and so far as I know, the mowing is left until late July. (Short, starved grass will behave itself until then). Importantly, the grass-mow*ings are always carted away to* a separate heap.

You see, I hope, what is meant by the au pair analogy: forward planning, vigilance and a careful interplay of nursery and natural world. People who think that they just throw some seeds into turf and raise their husband's blades a few inches at weekends may end up with more white daisies and many more plantains. They will not recapture the meadows they have lost: if you want one, start now, armed with a bottle of poison in order to help nature to return with a smiling face.

Robin Lane Fox

Archaeology

The Globe: to dig or not to dig

THE SECOND act is opening in the drama of the Globe Theatre in Southwark, south London, the newly-discovered *site of Shakespeare's Wooden* O, built in 1599 and rebuilt in 1614. To dig or not to dig, that is the question.

Is it nobler to uncover all that survives of the place *where the great plays* were performed, or should it stay buried and wait for another generation? The decision lies with the owners, Hanson Properties, and with the *Department of the* Environment and English Heritage, since the Globe is now a scheduled ancient monument.

The trials Hanson arranged last year and which the Museum of London carried out found the northwest edge of the theatre. The rest of the building seems to run under Southwark Bridge Road and Anchor Terrace, a Grade II listed building (1837). Finding it could mean demolishing the terrace, yet the Shakespeare Globe Trust sees the potential results as so important that it has stopped work on its new Globe so as to include the findings from the original theatre in the design of its replica.

English Heritage recently put the case against more digging. Writing in its *Conservation Bulletin*, Steven Brindle and Roger Thomas said that sacrificing Anchor Terrace would be "indefensible," and that a full dig is not needed when the remains are safely buried. If uncovered, they would be hard to conserve and display.

These would be strong arguments, were it not that it is the Globe at the centre *of the debate. Is Anchor* Terrace really worth more than finding out the conditions for playing Hamlet and Henry V? The evidence will be the scrappy details the *archaeologists observe in the* mud of Southwark. But in 50 years, or when the site is next redeveloped, they may have better techniques to recover flimsy evidence, and that *could be worth waiting for.*

Hanson has a difficult decision about what to propose, weighting an existing building against results that are still uncertain. What is more in the national interest, now and in the long term? What makes business sense?

To help clarify the problem there has been a survey with sub-soil radar to try to detect structures without digging them. But results so far are inconclusive, because other buildings and pipes clutter any signals from the Globe.

The only thing left before deciding about a full dig is to make tests below the cellars of Anchor Terrace. Is anything actually there? It may be nothing, or it may have been removed by later building. If so, there is little need for the full dig. But if the Globe does continue below the cellars, the case for a full dig is strong. Either way, all parties will have at their disposal the best information to help make up their minds.

Gerald Cadogan

The advantages of early spring

THERE ARE *sure to be* lots of problems for gardeners as we leave this stormy winter behind and advance into spring. Many gardens have been severely damaged by gales and the total loss of trees probably exceeds that of 1987. Yet growth in many places is now exceptionally advanced. In my own garden in East Sussex, camellias, magnolias and many other flowering shrubs and trees are as much as a month ahead.

In my garden, grass never stopped growing completely during the winter and, with the surface so wet, it has been impossible to keep lawns tidy. Weeds have been equally hard to control, nor have I ever succeeded in completing my fruit tree pruning, partly *because* the wind has so often been too violent to allow me to feel safe on a ladder.

Yet these, I hope, are difficulties of the past. What puzzles me now is how best to care for all the forward growth on trees, shrubs and herbaceous plants and whether I should try to gain any advantage from the earliness of the season.

Taking the second question first, I have concluded that it would be unwise to do so. All experience warns me that, by the end of May, most growth will be near to normal. Our memories of the weather are short and we are constantly astonished that it is not pursuing the expected course. This is one of the penalties we pay for living on the north western edge of Europe where there are frequent and often rapid fluctuations between Atlantic and Continental weather. It enables us to grow, though not always permanently, an exceptional variety of plants *but it often* deludes us into believing that we can do better than is actually possible.

The particular danger at the moment is to attempt to replant too soon. The garden centres, having lost heavily in the storms, are being sensibly canny about re-stocking and some of my own impatience to fill gaps has been checked by lack of available plants. I know that this is just as well, yet I worry that, by the time the plants do arrive, it will be too late for them to get properly established this year. It is not just the fact of time that bothers me, but also the knowledge that plants that hang around for too long without making new growths are often stuck for good.

So the first advice I would pass on is to make a special effort when planting this

spring, to do it well. That means starting with plants that are in first class condition, well rooted but not container-bound, eager to grow, yet not so loaded with young growth that they must have been in shelter for most of the winter, and so will be ill prepared to cope with the much harsher conditions outside.

It is all much simpler if one can get to the nurseries that actually produce the plants and do not simply retail them. Yet for most gardeners this is impossible and a garden centre is the convenient source of supply.

How is one therefore to distinguish a good plant from a *bad? Clearly it should not look* stunted or have corny coloured leaves, but nor should it appear much more forward in growth than plants of similar kind that are already well established outdoors.

An even subtler problem concerns the sowing of seed both outdoors and in greenhouses, frames, and other cov*ered places. In the garden, vast* numbers of self-sown seed, some of weeds, some of cultivated plants, have already germinated. I am hoeing out seedlings of honesty and sweet *alyssum by the thousand and I* daresay if I sowed seeds of less robust plants many of them would also germinate, but would the seedlings thrive? A few, maybe.

It is wise to delay all sowings of hardy plants, annuals, biennials, or perennials at least until April, except in the mildest of places. Although most of the half hardy kinds should be sown now in greenhouses and frames, because, in general, they take longer to get from germination to flowering, I would be wary of having any of them ready for planting outdoors before the middle of May. Even then, I would listen carefully to the weather forecasters and, if they were *expecting cold, I would* delay planting out until June.

There has been so much talks said recently about the greenhouse effect that people are becoming convinced our climate is already *significantly* and permanently warmer. I doubt it.

What we have experienced this winter is just one of the *frequent fluctuations in our cli*mate and the next one is quite likely to be back to the freezer.

Arthur Hellyer

Country Note

Forest farms

IT WOULD have been difficult, until recently, to find in the farming press any mention of forestry, except just occasionally in the context of it being an undesirable competitor for hill grazing land. Now it is unusual to find a farming journal that does not have something positive to say about tree planting and its merits as a neat solution to the alternative land use problem.

Hardwood trees maturing in, say, 120 years, and conifers under a short rotation regime of, say, 50 years (if the planting of conifers will be permitted) may seem like a joke in bad taste to a man whose whole way of life has been geared to a seasonal profit.

Of course, the ministry men are on to a winner. They know that the public, more particularly the ubiquitous conservation and leisure element, is nothing if not soft on trees – provided, of course, that they are hardwoods. Convince the farmer that he is doing a public service by planting trees, offer him an attractive payment, and the battle is won.

Or is it? Where do all parties stand if the trees are decimated by grey squirrels after 20 years? Does the farmer then receive a payment to compensate him and, perhaps, a third whack of our money to cover his replanting costs? I suspect no-one is thinking 20 years ahead, let alone 120.

The Farm Woodland Scheme started in October 1988. The Ministry of Agriculture has given the scheme maximum publicity in the farming community, but it has met with limited response. Ministry figures for the first year show that the scheme attracted 1,300 farmers, involving just over 17,000 acres of the three-year 90,000 acre target.

The financial incentive is a system of annual payments, heavily biased in favour of *broad-leaved species. For coni*fers the annual grant of £77 per acre is receivable for 20 years. For broad-leaved dominated plantings this grant continues for 40 years.

From the point of view of the public, and that of the environmentalist, tree planting is much to be preferred to a "set-aside" regime under which land is left unfarmed (*fallow*) in return for an annual hand-out of £80 per acre. It is possible that a few farmers will be conscious of our need to plant trees for posterity, but many more will be aware of the commercial leisure advantages. Today, even the Forestry Commission is inclined to be a little coy in asserting that timber production *is – or should be* – the primary aim of state subsidised tree growing.

Michael Stourton

More than just curry and chips

***Nicholas Lander** on the improving standards of Manchester's restaurants*

TO SURVIVE and prosper, restaurants need a combination of ingredients: a sizeable population with a reasonable disposable income and an inclination to spend it in public places, a surrounding area which can supply some of the necessary produce, and a few individuals dedicated to their restaurants. Not all cities can be as fortunate as Lyons, Milan or Barcelona, but there is no doubt that until recently Manchester has been more unlucky than most.

A recent trip back to my home town has left me in no doubt that gastronomically, things are better – but that the improvements have happened slowly. In Piccadilly Station there is now a shop selling a variety of fresh coffee beans, good espresso and cappucino that would not look out of place in continental Europe. Two minutes out of the station and you can dine on curry and chips, or, for 10p, extra curry, chips and peas.

Manchester differs from other big cities in many respects, but one in particular has had dramatic effects on the fortunes of its restaurants: very few people live in the city centre. As the centre has been redeveloped since the early 1970's, very high rents and rates have forced many restaurants into the suburbs in pursuit of their clientele.

To the south and into the wealthier suburbs on the Cheshire border, there is the Moss Nook (061-437-4778), one mile from Ringway Airport, and at Knutsford, La Belle Epoque (0565-3060) open dinner only Monday to Saturday. To the north, at Birtle, there is the Normandie (061-764-3869) and at Ramsbottom the Village Restaurant, which offers a very personal service to its maximum 16 diners at 8.30 pm Wednesday to Saturday (070-682-5070).

While the suburbs prospered, the city centre suffered, having only a lunchtime trade to survive on. Prices at the French restaurant in the Midland Hotel were as high as any in London's West End but as they continued to rise they put off even their most loyal followers. The Midland, formerly a flagship of British Transport Hotels, has recently reopened as a Holiday Inn.

In the late 1960's, one of the first Mario and Franco's introduced goodish Italian food, soon copied by Isola Bella. However, competition sadly brought only falling standards and by the mid 1970's it seemed as though there was one enormous kitchen under Albert Square in the centre of Manchester churning out bad Italian food which was then sold through about 50 different outlets in the city. The safest place to go and eat a business lunch was then, as it is today, at Sam's Chop House in Chapel Walk (061-834-8717), but fortunately there is now the Brasserie St Pierre (061-228-0231) as well.

The first significant improvement in Manchester's restaurants took place in the early 1970's with the spread of the Steak and Kebab houses. Started in Lancaster by Keith Wormleighton and Tony Puzylo, they offered good quality, fresh food cooked with an awareness of what was happening on the Continent, and at reasonable prices.

After their original restaurant in Didsbury there were soon branches in Prestbury, Bowdon, Bury and the city centre. They found Manchester's student population, burgeoning during the 1970's and 1980's, a great boon, providing waiting staff and occasionally even customers when the students' parents came to visit.

Picture: Mike Arron

Good food at reasonable prices: Patrick Hannity, right, joint owner of the Lime Tree, with head chef, Jon Holmes

Like all good restaurateurs they spawned good offspring. Robert Williams and Patrick Hannity had been working at the Steak and Kebab in Didsbury since the early 1980's. In 1986 they opened the Lime Tree in what was a bakery in Lapwing Lane (061-445-1217). Business boomed and in 1988 they added a conservatory which doubled the number of covers to 80, in the interim opening the slightly cheaper Lime Tree Café in Rusholme (061-227-7108).

Dinner at the Lime Tree early last month showed just why they have been so successful. The dining rooms are light, the decoration clean and simple; the service is friendly and the cooking full of flavour. And to convince any doubting Mancunians, prices are reasonable – about £15 per head for three courses. Both main courses were well executed, a breast of pheasant served pink with a mousse made from the pheasant leg, herbs and port, and calves liver grilled with a creamy onion sauce. Desserts are good (this is very important in the North) and we drank a lively Corbières Chateau Lastours 1986, for £9.25.

While the Steak and Kebab houses were pleasing their clientele in the early 1970's, there was a significant change for the better, gastronomically, in the city centre. As the textile warehouses, which had been a mainstay of Manchester's prosperity, lost their raison d'etre their premises around George and Faulkner Street were taken over by Chinese restaurateurs., The original restaurants, the Yang Sing and Woo Sang (061-236-4353), offered good food at very keen prices, and the excitement of cooking from another culture.

This whole area is now a small Chinatown – Manchester's Chinese community is the second biggest in the country – and there is a huge Chinese supermarket, W.H. Lung, in Brunswick Street. The Yang Sing (061-236-2200) has outgrown its original premises and moved to larger ones at 34 Princess Street, but there is still the Little Yang Sing at 17 George Street, (061-228-7722) and another four Chinese restaurants in George Street alone.

Eight months ago their ranks were joined by the Quan Ju De at 44 Princess Street (061-236-5236) which boasts that its mother restaurant (and only other branch) is in Beijing. Aside from its food, Quan Ju De should succeed for two reasons: it is three doors away from Manchester's casino (the Chinese passion for gambling is second only to their passion for eating) and, for a new Chinese restaurant, the decor is not at all bad. Only one word of warning: they do play modern Chinese music continuously, to me the equivalent of the Chinese water torture.

Quan Ju De naturally offers Beijing food but it does so in a way many other restaurants could copy. Because this particular region's cooking is less hot and spicy than many others from China, the cooking has to be carried out swiftly and with a light, clean touch. This it managed to achieve with the dishes we ate and to offer them at lunchtime at a staggering price. Their set price lunch, with a choice from four starters and four main courses, including a vegetarian main course, was a thumping £3.80!

There has been a significant improvement in the quality of the food offered in the restaurants in and around Manchester over the past 10 years. It may not rival Milan, Lyons or Barcelona in gastronomy, but should Manchester's bid to host the 1996 Olympics prove successful the athletes will no longer have to worry about fitting a diet based on curry, chips and peas into their training programmes.

Food for Thought

Farm cheese, please

BRITAIN'S cheesemakers are in sanguine mood – or so at least is the newly-founded Specialist Cheesemakers' Association which met at Wembley Conference Centre, in north London, last week.

The association was set up last year to protect farmhouse cheesemakers in the wake of the listeria crisis. Particular importance was given to hygiene standards – some members are committed to using raw milk – and the need to ensure perfect cleanliness beginning with animal feed and going right through to sale and consumption.

A few months ago cheesemakers suffered another scare when a government consultative document recommended that retailers store hard cheeses at a maximum temperature of 8 °C and soft cheeses at 5°C. At these temperatures cheeses cannot ripen. Unofficial reports suggest the government may relax the legislation by deeming that cheeses are not "made" until they are ripe. This would allow retailers to store cheeses at whatever temperature they wanted.

After the cheesemakers' meeting I wandered into the neighbouring hall to see what the London Food Exhibition had to offer. Foods from Spain had laid on an exciting tasting of Spanish olive oils: commercial brands and "DOs" – the Spanish equivalent of the French *appellation controlée* system which is applied to wines, cheeses, oils, hams, asparagus, rice and pimentoes. The oils are tasted by "nosing" them in a glass, as at a wine-tasting, and then by dipping a piece of bread in the oil and eating it.

The Spanish are wonderfully strict about their DOs, the first oil, from Suirana, I learnt, could only be made from three varieties of olive: the Arbequina, the Rojal and the Morrut. It had a pleasant, smoky fruitiness. Nunez de Prado (Brindisa, tel: 01-376 5709) had a big appley scent and was immensely fruity. The Sierra de Segura (no olive varieties given) was partly made from free run or "lagrimal" (tears) juice. Unfiltered, it was slightly cloudy, with a firm apple nose and a big, fruity peppery finish. The Verge de Borges from Borjas Blancas south of Lerida was dense and buttery. Germanor, from the same firm of Agroles, was buttery again, but sharper and more peppery than its stable mate.

From Spain I travelled to Somerset. Taste of Somerset is one of 17 British food marketing bodies set up under the umbrella of the Foods from Britain organisation. Taste of Somerset had a marked obsession with ducks, so much so that I began to wonder if there was not a superfluity in the county. The ducks are put to good use, anyway: there was excellent smoked duck breast, fresh or smoked duck sausages (from Harrods, £3.00 lb unsmoked £3.10 smoked) and plans are afoot to sell duck soup, made, one presumes, from what's left over after the breast removal and the sausage making.

Alderton Ham comes originally from a village called Alderton in Essex, where a Colonel Dickinson devised a method of roasting ham under a thick coating of marmalade. The recipe was acquired by a family called Craven-Smith Milnes, of Winkburn Hall, Newark, Nottinghamshire (mail order to The Country Victualler, tel: 0636-86465). They now sell the hams and other products to Harrods, Fortnum and Mason, Partridge of Sloane Street, London, and the J.T. Davy wine bars.

After my stint in the shires, I returned to Spain for a cheese tasting organised by the Instituto Nacional de Denominaciones de Origen (the body responsible for operating the DOs). A welcome glass of Rioja was pressed into my hand and then around came the cheeses: a young Manchego – Castillian cheddar – made from ewes' milk in La Mancha; Roncal, the hard, mountain, ewes' milk cheese which resembles the French Basque Etorki from the northern side of the Pyrenees; Mahon from Menorca, bland and creamy; smoked Idiazabal, a classic shepherd's cheese made in small moulds in the Asturias; the rubbery Pido and the ferociously powerful Picon from Liebana, made from any milk which comes to hand and, lastly, Asturian Cabrales: old stilton with the bite of vintage Madeira. One cannot help admiring the way the Spanish keep their house in order. Let's hope the Specialist Cheesemakers' Association will be able to do the same thing for us.

Giles MacDonogh

Cookery

The lazy way to entertain

SPECIAL meals can be fun, but the thought of giving a dinner party sometimes fills the cook with dread. Indeed, if entertaining is to prove more pleasure than drudge, the cook's work load must be restrained sensibly.

At moments like these – when time, energy and inspiration may be at a low ebb – any attempt at creative cookery is best abandoned in favour of the simple solution. That means turning to trusty stand-bys: recipes so familiar they could almost be done while sleep-walking, and/or by enlisting outside help in the form of foods that can be served as bought or with the minimum of titivation. I have a trio of pet main courses for these occasions.

■ The first of these tried and true favourites is baked sea trout. Just wrap a fine fish weighing, say, 3½ lb in a buttered foil parcel with sea salt, pepper, slices of lemon and a few herbs, and slip into a moderate oven for about 50 minutes.

I let the unopened package rest for a few minutes, then replace the limp lemon slices and herbs with fresh ones and serve the fish with Hollandaise sauce, which can be made ahead and reheated in a bain-marie. What could be easier?

Very small new potatoes can be cooked *en papillote* at the same time as the trout. Easier still – which makes it my preferred choice of accompaniment – is a crusty loaf of bread warmed in the oven while the fish rests. Very quickly-cooked vegetables such as mangetout or cucumber can, of course, be steamed or turned in butter during the time it takes to clear the first course and to bring on the main dish; but when the aim is to make entertaining really easy on myself, I rely invariably on a salad to provide our vitamin intake.

■ Another agreeably easy main course recipe that has earned my gratitude many times is quail in a bed of grapes. For effortless entertaining, I allow two quail and 4 oz grapes (muscatel when in season) a person, plus half a bunch of watercress each to garnish and plenty of crusty hot bread for mopping up thejuices.

All you do is melt some butter in a shallow casserole or baking dish large enough to hold the birds in a single layer, turn the quail in it, arrange them breast down, season, cover and cook at 375-400 F/190-200 C (gas mark 5-6) for 35-40 minutes. Then, turn the birds and scatter the halved and seeded grapes over them.

Reduce oven temperature a little and return the dish to the oven for about 15 minutes more so the grapes heat through and the birds complete cooking. The only thing to remember is to organise your timetable so that you add the grapes to the pot just before you serve the first course. That way, the quail will be ready to eat when you are ready to eat them.

■ The third pet main course in my foolproof repertoire is lamb with lentils.

I stud the lamb with slivers of garlic and toasted and bruised coriander seeds, rub the fat and skin (but not the flesh, of course) with salt and roast it in the usual way, on a rack, with a fierce initial blast of heat before finishing it more gently. Using a whole leg weighing 4-5 lb, and aiming for juicy and faintly pink meat, I allow about 75 minutes in total.

Just before we eat the first course, the joint is put to rest where it is carved later – on a bed of little green lentils that have been simmered with a flavouring of orange zest – and the meaty sediment from the roasting pan (minus most of the fat) is poured over it.

The pan scrapings mingle with the juices that run from the lamb when it is carved to sauce the lentils deliciously. Once again, bread is the only accompaniment needed but, if I can allocate a little preparation time ahead of the dinner party, I might make a garlic cream sauce as advocated by fellow food writer Lynda Brown.

This sauce is made by blanching and peeling two or three whole heads of garlic, then simmering them in a little thin cream until so soft that they dissolve to a pureé when crushed with a fork. The main course represents my big effort for the evening. I might, as I've said, follow it with a salad. Then there will be cheese – two or three fine cheeses with good bread, or biscuits like Miller Damsel Wheat Wafers or Paterson's Oatcakes, and a jug of celery if no salad was served.

I regard pudding as an optional extra. Fresh fruit in season, or a few sweetmeats to go with the coffee (some turron brought back from Spain, luscious crystallised greengages, top-quality chocolates, or amaretti or other little biscuits) are often treat enough. But if the occasion called for something a little more formal, and I had the good fortune to live near a shop selling really good patisserie (such as Les Specialities St Quentin in London's Brompton Cross), I would probably buy one of its delectable and gleaming fruit tarts.

Some people may be shocked by me suggesting this, but it is high time we learned to overcome our prejudice against good shop-bought patisseria. In France, no-one thinks any the less of a cook who goes out and buys it.

There is, alas, no good patisserie where I live so, if the occasion calls for dessert rather than sweetmeats and I have to rely on my own cooking, I will probably choose to make syllabub, one of the easiest (and surely the prettiest) of creamy little confections with which to round off dinner.

Never onerous to make, I discovered several years ago that they can be whipped-up in the twinkling of an eye if icing sugar is used instead of the usual caster. The former dissolves instantly, so the cream can be beaten into the sweetened wine and citrus juices immediately. Once this amalgamation is complete, a syllabub is ready to eat.

If I have time, I might replace the syllabubs with (depending on season) *petits pots de chocolat*, raspberry brulees or turinois. All need time to set but none involves more than 10 minutes' work for the cook.

For those who eschew creamy desserts for reasons of health or taste, I cannot think of anything simpler or nicer than apple snow: 3 lb of Bramleys cooked in two tablespoons of water, pureéd, sweetened with a scant 3 oz of sugar and lightened with three stiffly-whisked egg whites to make a foaming mixture that is just right for filling eight small glasses.

That leaves the first course, a subject to which I shall devote this column next week.

Philippa Davenport

Wine

Clarets with class: a tasting to remember

TASTINGS TO which wine writers are invited are usually concerned either with young wines that importers, agents or foreign wine companies wish to introduce to the trade, or those of retailers who plan publicity for at least a selection of their seasonal lists.

Of the first type the availability and whereabouts are normally unknown and the VAT-inclusive prices can only be guessed. The second kind of tasting may include older wines that are easier to assess; but because few firms can afford to hold expensive stock for long they are unlikely to open much *cru-classé* claret or *grand-cru* burgundy.

This latter fact made a recent tasting at London Avery's of Bristol particularly interesting. It was drawn not from the company's list, but represented the wines of firms for which it is UK agent, among them Boizel champagne, the Marquis de Goulaine's Muscadet, Remoissenet of Beaume and a range of New World wines, including Nobilo of New Zealand and Freemark Abbey of the Napa Valley, California; in all more than 70 different wines. However, there was an unusual *bonne bouche* in the shape of a tasting of a dozen top-class 1983 and 1982 clarets. This was particularly attractive, as there is controversy as to the comparative merits of these two vintages.

Clearly 1982, the year that stimulated the last Bordeaux *en primeur* investment boom, is the more esteemed – although some have questioned whether certain wines have sufficient acidity to ensure long life, while growers in Margaux, including Ch. Margaux, Palmer and Le Prieuré-Lichine think that their 1983s are the better. However, few of these expensive bottles are yet being opened, so it was a generous gesture of Avery's to open several bottles apiece of the two vintages from Pichon-Lalande, Ducru-Beaucaillou, Palmer, Ch. Margaux, Cheval-Blanc and Mouton-Rothschild.

To my comments I have added a representative opening offer retail price per case (to which duty and VAT have later to be added), compared with broadly current prices in the London auction rooms.

Ch. Pichon-Longueville Lalande:

1983: With an elegant, attractive bouquet, a rather light colour and a fairly developed flavour, it did not seem to have much behind it or to suggest long life (£96; £230).

1982: Much more colour, rather closed aroma, but a much more concentrated flavour. Less ready but more promising (£108; £350).

Ch. Ducru-Beaucaillou:

1983: A light wine with a pleasant but not outstanding bouquet, rather lacking in body and short on the palate. Disappointing for so distinguished a claret (£102; £160).

1982: More colour, more flavour and a much more encouraging wine for the future (£115; £230).

Ch. Palmer:

1983: More colour than the two preceding 1983s and more bouquet and flavoury character. A stylish wine (£135; £280).

1982: Good colour, closed nose, fair body but seemed to lack fruit and life. Maybe going through a dull phase but the 1983 superior now (£115; £230).

Ch. Margaux

1983: Good colour, fine flowery, distinguished bouquet and long flavour. Very well balanced (£300; £420).

1982: Like the Palmer a closed-up wine, lacking the suppleness and roundness of the 1983, supporting the château's present preference for the 1983, though this could change (£240; £560).

Ch. Cheval-Blanc

1983: A lovely nose, good colour, developed flavour, fruity and charming. Maybe almost too advanced, but currently the most drinkable wine of this group (£295; £300).

1982: Good colour, closed aroma and flavour but appears to have plenty behind it. A wine for the future (£305; £560).

Ch. Mouton-Rothschild

1983: Very good colour, as befits a leading Pauillac, fair but not very winning bouquet, and taste seemed to lack the expected fullness (and see note on Baron Philippe tasting below). (£205; £340).

1982: Huge colour, fine but undeveloped aroma, yet on the palate some of the rich, almost suave flavour associated with a fine Mouton-Rothschild. The current auction price confirms the point (£305; £820).

When comparing the opening price in the UK and the auction price of each wine price inflation of 49.6 per cent and 44.4 per cent between 1983 and 1984 respectively when the wines were first offered should not be overlooked.

A week earlier a trade tasting of the wines of the Baron Philippe de Rothschild UK company was held in London, ranging from Mouton-Cadet red and white to Mouton-Rothschild from 1987 back to 1981, and most of the same vintages of Mouton-Baronne-Philippe and Clerc-Milon.

Mouton-Cadet, the world's best-selling claret, is vintage *appellation contrôlée* Bordeaux Rouge, and like their other generic wines that have now spread to Pauillac, St. Emilion and Pomerol. It is very much a restaurant wine and a reliable if expensive one. But I did find the 1987 red very light in colour and still rather green, owing, doubtless, to the indifferent vintage at the low quality levels. If there are those who think that it has some vinous connection with Mouton-Rothschild, apart from its selection by the *maître de chai*, that is not the fault of the company. Most of the Clerc-Milon and Mouton-Rothschild wines I had tasted at the château last autumn, but not the 1987 and 1986. Otherwise my notes are a combination of the two tastings.

1987

Clerc-Milon: Very strong tannic Cabernet nose and flavour, fair colour; not bad for the vintage.

Mouton Baronne Philippe: fairly sweet and surprisingly fruity for the year.

Mouton-Rothschild: good colour, a wine with some style that shows it class; worth looking around for by those who can afford to do so.

1986

Clerc-Milon: huge colour, lovely full, rich if backward bouquet, but very tannic flavour; a wine to wait for.

Mouton Baronne Philippe: big colour, fine nose and less backward than the Clerc-Milon; a good wine.

Mouton-Rothschild: huge colour, very tannic on nose and palate. Some tasters preferred this to the 1985, and certainly it has a great deal behind it, but unlikely really to be drinkable for many years.

1985

Clerc-Milon: fine colour, typical Pauillac nose, Fruity taste, not over-tannic; good balance.

Mouton-Baronne-Philippe: excellent full colour, rich bouquet and a long taste though it should last well, it would not be infanticide to open a bottle now.

Mouton-Rothschild: not a big colour, and although still young on the nose, it was more developed than the 1986, and appears to be maturing relatively quickly; a delicious wine.

1984

Clerc-Milon: rather hard and ungrateful all the way through, as not unexpected in this moderate, variable vintage.

Mouton-Baronne-Philippe: medium colour, a good aroma, somewhat austere flavour, but more drinkable than the Clerc-Milon.

Mouton-Rothschild: very good colour for the year, an elegant bouquet; a wine of class, but lacking structure and somewhat thin.

1983

Clerc-Milon: medium colour and bouquet, fairly soft in taste, but lacking substance and rather dull.

Mouton-Baronne-Philippe: a better balanced wine, with agreeable colour, bouquet and flavour.

Mouton-Rothschild: not great colour, light bouquet, rather dull and short; at the moment disappointing.

1982

Clerc-Milon: big colour, rich nose, full-flavoured wine, concentrated.

Mouton-Baronne-Philippe: flat, and seems to lack structure, perhaps an off-bottle.

Mouton-Rothschild: very big colour, lovely concentrated bouquet, and rich, almost porty flavour. All that one looks for in a 1982 first-growth.

1981

Clerc-Milon (château tasting only). Not much colour, lacks character, rather thin.

Mouton-Baronne-Philippe (not shown).

Mouton Rothschild: light in colour for a Pauillac of this year, not much aroma, a light, easy-to-drink wine but less fullness and distinction than expected.

Edmund Penning-Rowsell

CHESS

A NEW series of chess opening booklets called *Trends* provides up-to-date briefings on popular systems for tournament and match players. The latest issues include the French Winawer (1 e4 e6 2 d4 d5 3 Nc3 Bb4), the King's Indian Samisch (1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 f3), and the Sicilian Najdorf (1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 a6) – all well-known variations that you are liable to meet anywhere from the club championship up to Gary Kasparov.

Each booklet contains general summaries of strategy (highlighting innovations) and also includes 100 recent games in full. By using the ChessBase data systems, the examples are thoroughly up-to-date – indeed, as contemporary as December 1989 – while the authors are young British international masters who are experts on particular openings.

Two overall impressions stand out. One is the search for inventive originality in today's tournaments. Long-condemned moves are re-examined continually and sometimes brought back with a new twist.

An example is the Sicilian Najdorf (early moves above) with the follow-up 6 Bg5 e6 7 f4. Anyone who learnt Najdorf theory in the 1970s or earlier knows that Black should develop his QN at d7 or else prepare Nc6 by Qc7. The immediate 7 ... Nc6 is a mistake because of 8 Nxc6 bxc6 9 e5.

But is it? The 1989 generation of young Russians has found the resource 9 ... h6 10 Bh4 g5 11 fxg5 Nd5 12 Ne4 Qb6 with a fluid position devoid of clear positional landmarks.

Practitioners of 7 ... Nc6 include Boris Gelfand, the subject of last week's article, and Vassily Ivanchuk, another Russian in the top 10, so the new idea could become popular.

Another impression is that players who long have championed a narrow opening repetoire increasingly are vulnerable to prepared variations. Thus, in the French Defence Winawer (early moves above), a standard line runs 4 e5 c5 5 a3 Bxc3+ 6 bxc3 Ne7 7 Qg4 O-O 8 Bd3. The belief that Black can castle safely into White's attack was shattered in a few weeks when two highly-ranked grandmasters were humbled in miniature games of around 20 moves.

White: S. Maus.
Black: R. Hubner.
French Defence (Lugano 1989).

(Moves 1-8 as above) 8 ... Nbc6 9 Qh5 h6? 10 Bxh6! gxh6 11 Qxh6 Nf5 12 Bxf5 exf5 13 O-O-O f4 14 Nh3 Ne7 15 Ng5 Bf5 16 g4 Be4 17 Rhe1 Qb6 18 e6 Bg6 19 Rd3 Resigns.

Robert Hubner is West Germany's No. 1 player; in the next game the victim is Sergey Dolmatov, winner of the recent Foreign & Colonial Hastings international.

White: G. Sax.
Black: S. Dolmatov.
French Defence (Clermont Ferrand 1989).

(Moves 1-8 as above) 8 ... Nd7 9 Nf3 f5 10 Qh3 Nb6 11 a4 c4 12 Be2 a5 13 Rg1 Qe8 14 g4 Nxa4 15 gxf5 Nxf5 16 Ng5 h6 17 Bh5 Qc6 18 Bg6 Ne7 19 Nh7 Nxg6 20 Nxf8 Kxf8 21 Rxg6 Qe8 22 Qg3 Resigns.

The author of French Winawer, Neil McDonald, concludes that Black's only sufficient defence is 8 ... Nbc6 9 Qh5 Nf5.

Another victim of the new technology has been grandmaster Lev Polugaevsky, who long has championed his patent line of the Sicilian which he made the centrepiece of an excellent book on the art of analysis. Now, though, his favourite system is endangered – his latest game lasted only 26 moves.

White's 18th improves on an earlier Polugaevsky game, and it is a mystery why the knowledgeable grandmaster goes down so tamely; up to White's 22nd, everything is already in the second edition of *Batsford Chess Openings*.

White: F. Hellers.
Black: L. Polugaevsky.
Sicilian Defence (Haninge 1989).

1 e4 c5 2 Nf3 d6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 a6 6 Bg5 e6 7 f4 b5 8 e5 dxe5 9 fxe5 Qc7 10 exf6 Qe5+ 11 Be2 Qxg5 12 Qd3 Qxf6 13 Rf1 Qe5 14 Rd1 Ra7 15 Nf3 Qc7 16 Ng5 f5 17 Qd4 Qe7 18 Bh5+ g6 19 Qxh8 Qxg5 20 Bf3 Nd7 21 Rf2 Qh6 22 Rd6 Nb6 23 Re2 (but not 23 Rxb6? Qe3+) Nc4 24 Qf6!

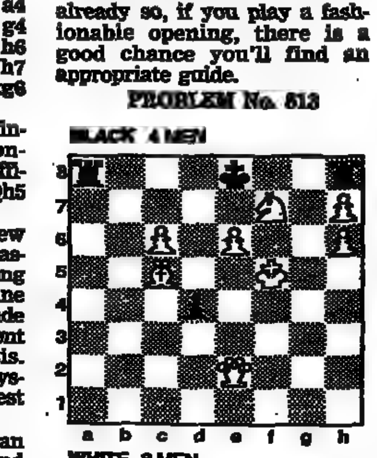
The decisive coup, stopping Rf7. If now 24 ... N or Bxd6 25 Bc6+ with Rxe6+ leads to mate.

24 ... Be7 25 Bc6+ Bd7 26 Rdxe6 Resigns.

Trends booklets are available at £3.50 post-free from 167b Jerningham Road, London SE14. There are 21 titles in the series already so, if you play a fashionable opening, there is a good chance you'll find an appropriate guide.

PROBLEM No. 813

BLACK 4 MEN



WHITE 8 MEN

White mates in two moves against any defence (by J. M. Rice). More than 3,000 solvers, a record for the competition and probably for any British chess event, took part in the 11th annual Lloyds Bank solving championship. *FT* readers did well, nearly 50 cracking the first stage puzzle published here last summer.

The finalists had to solve problems against the clock. This was the easiest diagram set in the final, but several contestants and expert spectators still got it wrong. To test yourself under championship conditions, allow a maximum six minutes to find the answer.

Solution Page XXIII

Leonard Barden

COLLECTING

From Russia, with expectations

As London awaits two important sales, Antony Thorncroft discusses the boom in Soviet art

LONDON will be awash with Russian art and artifacts next month. Both Sotheby's and Christie's are holding their most important sales ever in this field and dealers, who have been quick to exploit both the opening-up of the Soviet Union and the West's fascination with the process, are organising important exhibitions.

Few of the major items come directly from the USSR. Even in the early years after the 1917 revolution, the Soviet Government was in thrall to that patriotism which pervades the Russian blood and was holding on to some decidedly tsarist treasures (like bejewelled Fabergé imperial Easter eggs, completely alien to the ideology of the regime) while allowing non-Russian art, such as marvellous Old Masters and 18th century French silver and porcelain, to go West for hard currency. Although a blind eye was turned to the export of lesser ikons in the post-Second World War period, it seems unlikely that the present liberalisation will permit the outward flow of great Russian art.

Contemporary art is a very different matter. This enhances national prestige as well as the currency reserves. The high prices fetched for Soviet artists – culminating in the £242,000 for a work by Grisha Bruskin at Sotheby's break-through Moscow auction in 1988 – has encouraged a stream of art to London, Paris and New York, not all of it of great interest.

With hindsight, the wonder of Sotheby's actually holding an auction in Moscow encouraged dealers and collectors to bid-up some works beyond reason. We are not yet in a position to know who are the most interesting or enduring contemporary Russian artists, nor to be certain of their price values. But there is no such reticence about the Russian avant-gardists working in the period from 1905 to 1925 when Stalin crushed artistic innovation under the heel of socialist realism. The work of such as Malevich, Rodchenko, Popova and Exter was among the most brilliant of its period anywhere in the world, and was starting to be collected in the West after 1960.

To entice buyers to Moscow in 1988, the Soviet Government included a few works by the avant-garde in the auction and a Rodchenko abstract sold for £330,000, then a record. It has been exceeded since and will be again in April when, by one of those happy coincidences, Sotheby's (on the 4th) and Christie's (a day later) are offering some of best Russian avant-garde pictures to surface in the West.

The Sotheby's pictures are built around 22 works from the collection formed by George Costakis who, as a diplomat at the Canadian Embassy in Moscow in the 30 years after 1943, was placed ideally to buy major avant-garde paintings for paltry sums. When he left the Soviet Union in 1977, he did a deal with the Government which, in return for him presenting many of the masterpieces to the Tretiakiov Museum in Moscow, allowed him to take others to the West.

Now 78, Costakis is selling some of his holdings (plus four of his own paintings) and expects to make more than £5m from the sale. The key painting is *Abstraction (Rupture)*, a 1920 oil by Rodchenko which was one of his last paintings before moving towards Constructivism and sculptural art. It carries a top estimate of £2m which, if secured, will set a record for Russian art of any period. Popova, Malevich and Kliun also are represented in the sale.

On April 5, Christie's mounts an equally interesting show, with 15 paintings which survived by a miracle. They had been collected by Kurt Benedikt, of the Van Diemen gallery in Berlin, in the 1920s and '30s. When forced to escape to Paris in 1935, he left hundreds of paintings crated in Berlin which, somehow, survived the war. He sold them in 1951, sight unseen, and some have re-appeared suddenly on the market. The masterpiece is a large canvas by Aleksandra Exter, painted in her finest period around 1917 when she combined Cubism, Futurism and Suprematism in her creations. It is expected to fetch up to £600,000.

Russian avant-garde art is collected keenly by German and American connoisseurs as well as a few British, French and Italians. It appeals to buyers bored with German Expressionism or the mid-century western avant-garde. It has a secure place in art history, and enough has reached the West to make it a viable market.

The Soviets still allow a few works out. There will be a Rodchenko to act as a tethered goat at a stand taken by the Soviet authorities at Art London '90, the Contemporary Art Fair in Olympia which opens on March 29. It will be showing mainly contemporary Russian art and, after criticism of the quality of its offerings last year, is being advised by the Cooling Gallery, one of the leading London dealers in this field.

Selling contemporary Soviet art at auction has proved a difficult business. Sotheby's has been remarkably reticent since its 1988 auction; and when Christie's and Phillips tried a few lots in wider sales last year, the results were not sparkling. Anyone interested in acquiring such art might be best advised to use a dealer who offers a buy-back guarantee.

With many of the artists unknown, and with no track record in the West, it is hard to fix sensible prices. The dealer with the most comprehensive stock of Russian art in London is Roy Miles, who threw off the concentration on the avant-garde to buy figurative art of the 20th century and earlier.

Miles' next big exhibition starts in Bruton Street on June 13 in what must be one of the largest commercial galleries in London. His main rival in the field is the Century Gallery in Fulham Road.

A problem with all dealers in Russian art is having the right contacts in Moscow. One company, Rucha, seems to be on target. Last month, it brought over the president of the Soviet Academy of Arts to launch its series of prints based on Sir Charles Barry's original ideas for Britain's houses of parliament, which had been in Russia for 150 years. Now, it is about to promote - initially to other companies – portfolios of lithographs by all the great names of the Russian avant-garde taken from originals held in Moscow and Leningrad museums.

The concentration on painting has overshadowed other forms of Russian art. The output of Fabergé, whose workshop supplied the aristocracy and rich merchants with their jewels and decorative knick-knacks in the late 19th and early 20th centuries, has long been collected in the West, but shortage of supply has dried up demand lately for his silver.

Of course, the most costly Russian works of art are the Fabergé eggs, especially the annual Easter offerings made as presents from Tsar Nicholas II to his family. Britain's Queen Elizabeth owns the finest collection but it is rivalled by that of US publisher Malcolm Forbes, who died last month. It is expected that his heirs will maintain the buying tradition although prices have risen steeply, with Far Eastern buyers increasingly keen on such richly jewelled baubles that are so easily portable.

Last May, the Pine Cone egg fetched a record $3.12m at Christie's. On April 19, it is offering another one: the Bonbonnière Easter egg, made in 1903 for the wife of a St Petersburg industrialist. A price above $1m is expected. That most traditional of Russian collecting fields, ikons – still very under-priced given their artistic importance – will also feature, with auctions at Christie's South Kensington and Sotheby's.

So strong is the fascination with all things Russian that Sotheby's is testing the market with Soviet wines: not everyday wines but 13,000 bottles from the Crimean vineyards that once belonged to the tsars. Interest will be concentrated on 1,155 bottles actually made for the royal family between the 1830s and 1917, some bearing their two-headed eagle cypher. They are certain to be very sweet if they are drinkable – but select tastings suggest they have survived well.

The most fascinating item on offer at Sotheby's is a group of documents relating to the murders of the Tsar and his family at Ekaterinburg in July 1918. Shortly after they were shot, the White Russians recaptured the town and investigated what happened. It is the papers relating to this inquiry – including the discovery of a copy of a coded telgram sent to Moscow and announcing that "the entire family suffered the same fate as its head" – that are on offer. It is virtually impossible to guess their value but a top estimate of £500,000 has been placed on them.

The information has been known to scholars for years and copies of the manuscripts are in the West, but American museums are likely to be interested in the real thing. There are even reports that the Soviet Government, now prepared to view its history in a more impartial fashion, has made enquiries about the documents.

This, indeed, is one of the oddities in the boom of Russians. For, unlike virtually every other collecting field, the nationals cannot afford to buy. The Soviet Government has repatriated a few items – Turgenev's orginal manuscript of *Fathers and Sons*, some Pushkin letters, silver from the Orloff service – but it looks as if it will be many years before Russian citizens have the means to join western collectors in preserving their national heritage.

Aleksandra Exter's "Colour dynamic composition," a canvas painted in her finest period around 1917. It could fetch up to £600,000 when auctioned at Christie's, in London, on April 5.

PROPERTY

The Raintree Stud at Great Witchingham, Norfolk: on offer at £475,000

The going proves heavy for racing properties

Michael Hanson finds a depressed market in all matters equine

LINGFIELD PARK racecourse and golf complex in Surrey has now been placed on the market by Leisure Investments, the troubled company for which a successful takeover was made last month by Bear Brand.

Stockbrokers UBS Phillips and Drew Securities (01-901-3333) and chartered surveyors Humberts (01-629-6700) circulated a confidential prospectus to interested parties before Christmas, inviting preliminary offers by the end of January, but nobody has yet come up with the right figure. The parties are reluctant to discuss how much is wanted for the property, but a minimum of £25m is mooted.

Leisure Investments paid £7m for the 310-acre racecourse and golf club in August 1988, then bought the adjoining 168-acre Jacksbridge Farm. They have spent £4.4m on Britain's first all-weather track, extended the existing turf track, built additional stables and installed an electronic scoreboard.

This year sees the centenary of Lingfield Park. It was in danger of closing in 1974 until Ladbroke's bought it from the Beckwith-Smith family for about £500,000. It was resold in 1981 to property developer Ron Muddle and his jockey son, Richard. They laid out the 18-hole golf course and turned it from a business that was losing £50,000 a year to one that was making a profit of £700,000 when sold to Leisure Investments in 1988.

With their £1m cash from that £7m sale (most of which was paid in Leisure Investment shares at 98p, which have since fallen to a low of 17p), the Muddles bought Southwell racecourse in Nottinghamshire, where they installed an all-weather track that opened two days after Lingfield's, on November 1 last year.

Lingfield has stables for 97 horses, another 93 due for completion next month and plans for 100 more. One of its attractions to a purchaser is its 41 hospitality boxes, 24 of which are let on an annual basis at £5,000 for the all-weather meetings and £10,000 for the turf meetings, producing a total of £15,000 a year per box.

Last year at Goodwood Humberts devised a tender system which resulted in the course's 41 hospitality boxes being twice over-subscribed at prices of up to £25,000 a year. The same system was used by Humberts for the letting of the 24 private hospitality boxes in the new Melrose stand at York, which was also twice over-subscribed at similar prices.

Plans to extend the use of Lingfield's all-weather track for trotting meetings, dressage events, horse sales and other non-racing events mean there is potentially room to improve this income from hospitality boxes. There are also plans to extend the grandstands and to build a four-star conference hotel, a new golf clubhouse and a covered driving range. Given the interest of the Japanese in British golf courses, and the success of Chelsfield in selling 40 per cent of the equity of Wentworth for £32m, Lingfield Park could well be worth as much as £30m to the right buyer, particularly if ownership of the racecourse is syndicated in the same way.

There is certainly plenty of money about to be pumped into racing. United Racecourses is planning to spend £15m, in time for the 1992 Derby, on improvements to the Tattersalls grandstand and a new Club grandstand that will also be used as a conference and exhibition centre.

David Thompson, formerly of Hillsdown Holdings, is considering a £50m redevelopment of Windsor racecourse as a joint venture with Argent Estates. Plans by London architects RMJM include a hotel and new grandstands.

Since it was officially confirmed last October that Robert Sangster had decided to sell his 2,050-acre Manton House estate on the Marlborough Downs in Wiltshire, no buyer has yet appeared who is willing to spend at least £13m to acquire one of Europe's most historic training stables. None the less James Laing of Strutt and Parker (01-629-7282) is confident that a sale will be arranged at a figure nearer £15m by the time trainer Barry Hill's lease runs out at the end of 1990.

Sangster's company, Swettenham Stud, paid about £6m for Manton in 1984 in an unusual swap with John Bloomfield, who received in exchange the Kirtlington Stud and training stables at Whatcombe, near Wantage, Oxfordshire, and a cash settlement, thought to be about £4m.

Since he acquired Manton, Sangster has built more than 100 new boxes, bringing the total in the four yards to 173, as well as six isolation boxes, two indoor lunging rings, an indoor canter and a circular equestrian swimming pool. Two all-weather gallops have been laid out and the old grass gallops first laid more than 100 years ago have been refurbished and given semi-automatic irrigation.

Smaller training yards and stud farms that came on the market last year have also to find buyers.

Park Lane Racing Stables at Brook, near Godalming, Surrey, priced at £700,000 last summer, is now reduced to £625,000 by Knight Frank and Rutley (01-629-8171) and Christopher Stephenson (0635-528585). There is a five-bedroom house (once a lodge on the Uplands Park estate), 35 boxes, indoor and outdoor schools, an all-weather canter and 15 acres.

Three Grand National winners – Sheila's Cottage (1948), Teal (1952) and Merryman II (1960) – are among the 1,200 winning horses trained by Captain Neville Crump at Warwick House, Middleham, North Yorkshire. However, he has still to find a buyer willing to pay £400,000 for the four-bedroom house, 49 boxes and 13.5 acres of land with fishing in the River Ure, in spite of the efforts of four agents: J H Jackson and Co (0423-323171), GA Property Services (0969-23451), and Christopher Stephenson International, in association with Knight Frank and Rutley.

Willy Bechmann, the Danish racehorse owner, is seeking £2m for his Waresley Park Stud, near Sandy, Bedfordshire. Christopher Stephenson is his agent. The house was rebuilt in the 1930s in the style of a French chateau, but its 114 acres of grounds were laid out in the 18th century by Humphry Repton. Now they include 84 boxes, an all-weather gallop and 13 paddocks.

Jeremy Carlson, of the Norwich office of Savills (0603-612211) says several people are interested in the Raintree Stud at Great Witchingham, Norfolk, but they are unable to sell their own properties. Offers of £475,000 are being invited for this five-bedroom house built in 1980, together with six boxes and five paddocks in 19 acres.

National Hunt trainer Kim Bailey has dropped the price of Hill House Stables at East Ilsley, Newbury, Berkshire. Now agent Bernard Thorpe and Partners is seeking £390,000 for his six-bedroom house, a staff bungalow, 32 boxes and an acre of land through its London (01-499-6353) and Stow-on-the-Wold (0451-30731) offices.

At West Ilsley, Major Dick Hern will have his last season this year before moving to Farncombe Down, at Lambourn, Berkshire, for which Sheikh Hamdan Al Maktoum paid about £875,000 last year through Savills and Christopher Stephenson. Here a new trainer's house, two staff cottages, a lad's hostel and 60 boxes are being built on the 180-acre site, which has a network of existing gallops and canters.

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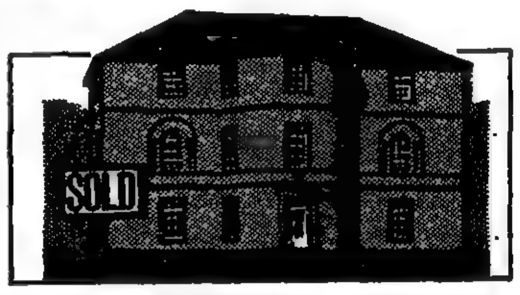

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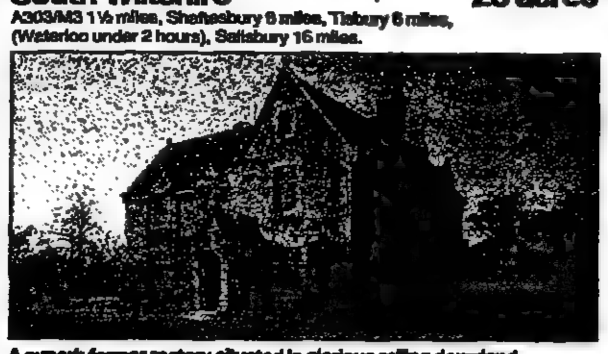

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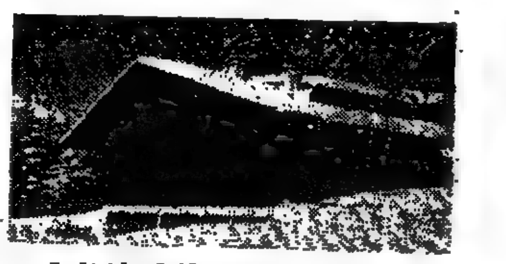

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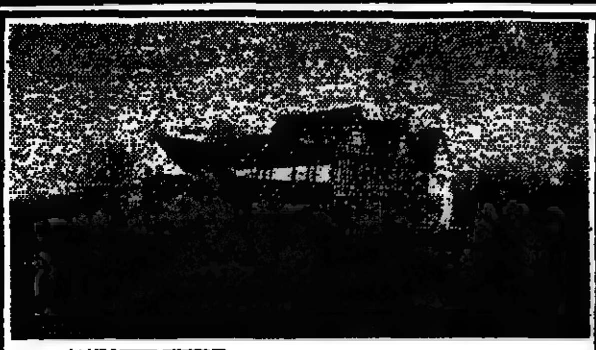

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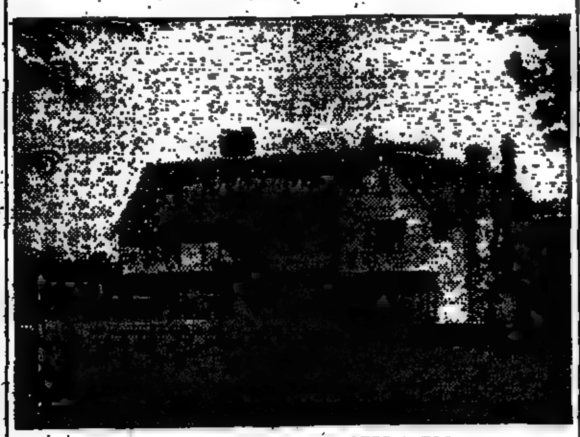

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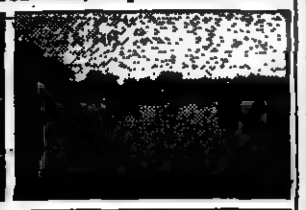

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LONDON PROPERTY

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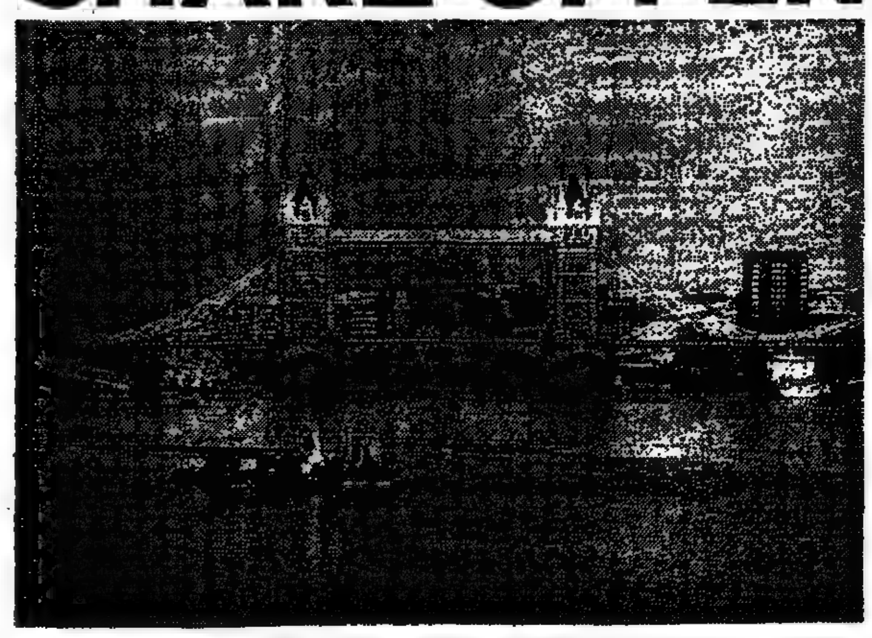

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DIVERSIONS

Sir Mark Weinberg in his office

Alan Harper

The Active Citizen

Charity begins in the office

A SUPER-SALESMAN of life insurance, Sir Mark Weinberg has lately become something of an expert in persuading captains of industry to put money back into the community.

The South African lawyer who founded Abbey Life and Hambro Life – now named Allied Dunbar – discusses charity work not so much in humanitarian terms but rather as an efficient enterprise that every business should engage in. Money and commitment, not motivation, are the things that matter.

"It's very seldom that people go out and look for good works, or wake up in the morning and say 'I must do something for the community or charity'", he said.

"I think many people reach a stage in their life when they are receptive to being approached. But their reactions differ. For some what counts most is respect for the person who approaches them. Or they may have an emotional soft spot. The person who feels he has been very fortunate is also susceptible to having his conscience stricken. Or it may be they just think: 'In my position I ought to be seen doing this.'

"I don't mind what their motives are. I need to know what button to press to influence them."

Weinberg is a co-founder of the Per Cent Club, a body of 272 companies committed to giving at least ½ per cent of their profits to charity. It is an American idea which in Britain owes its origin partly to an argument between the directors of Hambro Life nearly 20 years ago.

One of the other directors was pushing for the company to make some charitable commitment. The debate ran for months. Weinberg finally settled the matter by decreeing that 1 per cent of profits be covenanted annually. Today, he said, Allied Dunbar is still in relation to its size one of the largest three corporate donors in the country. "It started with one individual feeling strongly."

The Per Cent Club has guidelines for its members about what counts as charity: sponsorship of spectator sports does not qualify, but a recent fitness competition for squash clubs, for example, did. The line between charity and public relations, between doing good for the community and merely buffing up the public image of the company, is a hard one to draw. It is left to companies to play fair.

Chairmen and chief executives are still wield a lot of influence over the charity budget. "It used to be the chairman's wife," said Weinberg. "But now the decision is much more sophisticated because larger sums of money are involved. The other big change is that there is a greater emphasis on personal time and involvement – secondments and so on."

The chairman of Allied Dunbar himself became involved in outside charitable work when he was invited to be honorary treasurer of the National Society for the Prevention of Cruelty to Children, a charity with income of £20.4m in 1988.

He gives money himself but not, he says, out of any sense of guilt about his own success. Nor did his upbringing in a Jewish family leave him with any more than the usual quota of social obligation. Without consciously obeying the Judaic injunction to give a tithe, he nonetheless put into a trust for charitable purposes 10 per cent of his founder shareholdings in Hambro Life and in his Microwriter venture to develop a computerised personal organiser.

The trusts, now disbursing capital as well as income, are today worth about £1½m. Weinberg also subscribes to the Allied Dunbar's employee donation scheme: 1 per cent, or about £1,300 a year gross, of a reduced salary.

He likes to focus on what he claims is the efficacy of non-governmental initiatives. "I believe private individuals and businesses can make an enormous contribution towards solving social ills. It is quite disproportionate to the amount of money they put in because of the energy and commitment that they put in with it.

"The amount of money you can mobilise is very small in relation to government. If we could persuade the top 1,000 companies to give 1 per cent of profits it would release, say, £500m – which is less than a halfpenny on the income tax. Yet there is that multiplier effect which makes it really effective."

Christian Tyler

How the wealthy get healthy

***Heather Farmbrough** on the best of London's fitness clubs*

THERE IS nothing to stop you doing exercises in your sitting room, walking the dog or abandoning the car to keep fit, but none of these is likely to make you feel as pampered, relaxed or indulged as membership of one of the capital's health and fitness clubs.

Since the middle of the 1980s, about 20 superior health and fitness clubs have sprung up across London. To join, it's not necessary to be fit, just wealthy. Joining fees range from about £250 to £1,500; annual membership is at least an additional £400 a year. All boast a similar range of facilities, although standards vary from comprehensive to excellent.

The most luxuriously furnished and exclusive of all the clubs I visited was Mark Birley's recently opened Bath & Racquets Club, in Brook's Mews, just off Davies Street in the West End.

Birley, better known as the owner of Annabel's night club, decided to start it when he was given the chance to buy the site of the old Bath Club. The club is small, so membership is restricted to men only. The dressing room, with a bar at one end, lockers at the other, recliners, newspapers and television is compact but comfortable. There are two immaculate maple-floored squash courts and a beautiful marbled shower and steam room.

With only 150 members at present, and a maximum of 400, the emphasis at the Bath Club is on personal service. A resident squash professional, Aman Khan, and four professional instructors are on duty in the gym at busy times. And, the ultimate in personal service, an in-house laundry, provides a constant supply of fresh bath-robes, towels, whites and track suits, so members don't need to bring any sports clothes with them and can keep their shoes and racquets at the club.The club has an unrivalled exclusiveness which costs £2,000 a year.

Champneys at the Meridien, deep in the bowels of the Piccadilly hotel, has tried to create a similar, gentleman's club, atmosphere, perhaps because it is open to all the hotel's guests. It has not quite succeeded.

Champneys boasts a library, a lavish drawing room and a snooker room with three full-sized tables. The most striking feature is the square swimming pool with Roman arches and columns, subtle lighting and trailing plants. It is a pool in which to languish, rather than get fit.

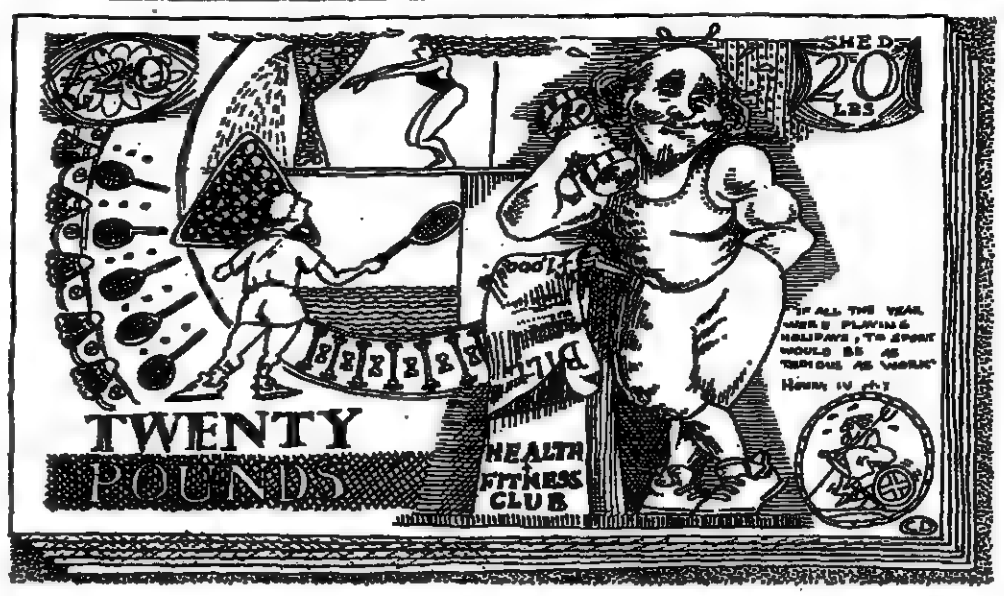
There are dance and aerobics studios, a gym which members say is too busy at peak times, and two squash courts which are close to the humidity of the swimming pool. The changing rooms are quite small. The joining fee for individual members is £250 in addition to an annual membership of £1,100.

I wonder what John Betjeman would have made of the Riverside Racquet centre in Chiswick as a suburban phenomenon. Here we are in the borough of Hounslow, overlooking the Thames and listening to the pong of tennis balls. Babies are parked in the creche while their well-groomed mothers sweat it out on the dance floor in designer leotards.

By day the car park is full of BMWs, Volvos and Peugeot 205s; by night, Porsches, Mercedes and a few Rollers. Application forms have a section for the nanny's name. If you have £720 a year to pay for your subscription and £1,250 to buy a debenture share on joining the club, Riverside has everything for you to spend it on. It boasts 20 tennis courts, 12 of which are indoor, tennis clinics, a good gym, lots of classes, spas, reflexology, a well equipped creche, playground and a car valet service.

Long overdue improvements to the changing rooms have been completed recently and the club's disappointing cuisine is being reviewed for the umpteenth time. But the swimming pool is too small for serious swimming and a disadvantage is heavy rush-hour traffic on the nearby A316.

If you work in the city, are determined to get fit and don't care too much about your surroundings, then consider the Barbican Health and Fitness Club. The place feels like a little part of New York; it is almost as noisy inside as out. It is functional rather than plush and has an excellent jogging track round the gym which is arguably the best equipped in London. Like everywhere else I visited, much of the equipment is computer controlled with an emphasis on cardio-vascular exercise. The 25-metre swimming pool is too narrow at busy times but members can book a lane and the water is refreshingly cool. Members pay a one-off £800 joining fee and an annual fee of £400.



■ London Health and Fitness Clubs

Private clubs with gyms, squash courts, swimming pools, jacuzzis and offering beauty treatments. Most cost £400 a year or more.

■ CENTRAL LONDON

Champneys at the Meridien Hotel, Piccadilly Tel: 437 8114

The Fitness Centre, Covent Garden. Tel: 01-836 6544

Grosvenor House Health Club, Grosvenor House Hotel, Park Lane. Tel: 01-499-6363

Health Haven 40 Vauxhall Bridge Road (women only). Tel: 01-834-2289.

Metropolitan Club West End, 27-29 Kingly St, W1. Tel:01-734-5002

The Peak Hyatt Carlton Tower 2 Cadogan Place, SW1X 9PY.

Seymour Leisure Centre, Bryanston Place, W1. Tel: 01-723-8019

The Synergy Centre, 1 Cadogan Gardens. Tel: 01-730-0720

YMCA, 112 Great Russell St WC1. Tel: 01-637-8131

■ WEST LONDON

The Hogarth, 14 Airdale Ave, W4. Tel:01-995-4600

Kensington Close Health & Fitness, Kensington Close Hotel, W8. Tel:01-937-8170

Lambton Place Health Club, W11. Tel:01-229-2291

Riverside Racquet Centre, Dukes Meadows, W4. Tel: 01-994-9496

Holmes Place Health Club, 188 Fulham Rd. Tel: 01-352-9452

■ CITY

Barbican Health & Fitness Centre, 97 Aldersgate St. Tel: 01-374-0091

Cannons Sports Club, Cousin Lane, EC4. Tel 283-0101

Cottons Sports Club, London Bridge. Tel:01-403-1171

Esprit Club, Royal Mint Court, EC3. Tel:01-488-9488 (no pool, opens shortly)

Slim Jim's, 1 Finsbury Ave, EC2. Tel:01-247-9982 (no pool)

■ NORTH

The Club at Hendon, 1A Hall Lane, NW4. Tel: 01-203-4249.

Ragdale Health Club, 81 Belsize Park Gardens. Tel:01-722-8220

■ Indoor tennis clubs with "health club" facilities:

David Lloyd Slazenger Racquet Club Southall Lane, Hounslow. Tel: 01-848-7556

Surrey Tennis & Country Club, Hannibal Way, Croydon. Tel: 01-686-3040

Bath and Racquets Club, 49 Brook's Mews, Davies St, W1. Tel:01-499-9044

A number of private clubs also offer sports and health facilities like the RAC club, Pall Mall.

For further information, see Time Out Sport Health & Fitness in London 1989 published by Time Out (01-430-1921) £4.95.

LONDON PROPERTY

Denim dilemmas: never mind the fit, feel the label

Richard Tomkins looks in vain for comfortable, authentic jeans

FORGET Dennis Potter's plays: for really offensive television viewing, nothing beats that smug, self-satisfied British Rail advertisement in which sepia-tinted images of near Pullman-style luxury and a sleepy Leon Redbone backing track are employed to suggest that travelling by InterCity is in some way pleasurable.

As a beguiling fantasy notion of what InterCity should be like, it is a triumph: but for those of us who associate the real world of rail travel with overcrowding, squalor, unpunctuality and stress, the advertisement is little short of insulting.

I was musing on this the other day as I slunk away from Soldier Blue, the jeans emporium in London's Kings Road, after the latest in a series of unsuccessful attempts to find comfort and joy in a pair of red-tab Levi 501s.

Like British Rail, Levi relied heavily on nostalgia for its famous 1985 advertising campaign in which an Elvis-like Nick Kamen stripped off his jeans in a 1950s launderette to the tune of the old Marvin Gaye hit, *I Heard It Through The Grapevine.*

The advertisement was one of the most successful in history, not only catapulting 501s from obscurity into the position of Britain's best-selling denims, but simultaneously reversing the steep decline that had begun to afflict the UK jeans market at the beginning of the 1980s.

But it struck me that another parallel between the 501s campaign and InterCity's is the gap between image and reality: the promotion of something as desirable when its merits argue in the opposite direction.

In the case of 501s, it is probably fair to call these the ultimate, classic blue jeans. Their origin dates back to the late 1800s when Levi Strauss, a Bavarian immigrant living in San Francisco, designed them as a waist-high overall for prospectors in the Californian gold rush.

Strauss's jeans, however, were made for strength, not for style. Contemporary photographic evidence suggests that they did little to flatter the physique of the average Californian gold miner, and 100 years later, with the primitive cut unchanged, they make even fewer concessions to the shape of the 1990s fashion victim.

The wholly uncontoured torso section, for example, tends to result in a ruck of surplus denim that flaps around the hindquarters. The waist, too, is cut unusually low by modern standards, making the jeans difficult to keep in place even with the help of a strong belt. And because there is an extra twist in the warp yarn and the fabric is not washed before making-up, the right leg notoriously goes into a bizarre skew after the first few washes.

Some people, it is true, swear that 501s become more comfortable over time as they mould themselves to the body: but then, you could reasonably say the same of a hair shirt. And it comes as little surprise to find that the 501 cut is known within the trade, by Levi as well as its rivals, as "anti-fit."

The unwearability of Levi 501s is a matter of enormous regret to me because I'm a sucker for brands. I always feel safer with the best-known product. If I buy a mackintosh, it has to be a Burberry; the vacuum cleaner is a Hoover, the tomato soup is Heinz; and the toilet paper, Andrex.

So what's a chap to do? At thirtysomething, I don't feel I've grown out of jeans altogether. Quite apart from the fact that they're among the most practical articles of clothing invented, the 501s campaign has turned jeans generally into a stylish and essential part of almost every wardrobe.

There are, of course, other jeans. Levi's leadership of the UK market with a 16 per cent share is a relatively recent phenomenon: until the 1970s, it was Wrangler that led the field.

Wrangler, though, took its eye off the ball during two changes of ownership in the 1980s, and now has only 9 per cent of the market. Sales, too, are strongest among the 25-35 age group and heavily biased towards the north: you don't see many Wranglers south of Watford.

This is a pity, because the Wrangler is an excellent jean. I tried several pairs on after my latest 501s experience, and found their high waist and carefully contoured torso section put them in a different league in terms of comfort.

For me, though, Wrangler – like Lee, a sister company under the ownership of VF Corporation and still taking 6 per cent of the UK market – is still somehow associated with images of the wild west, and I feel ill at ease dressed as an urban cowboy.

The upstart newcomer to the UK scene is Pepe, which has shot from nowhere to Britain's second biggest brand with an 11 per cent of the market in just a decade or so.

Pepe makes a good quality jean and sells itself on a combination of up-to-the-minute styling and comfortable fit. Its strongest market, though, is the 16-25 age group, and I can't help feeling I'm a little too old for the jaunty name and image.

There are countless other brands, ranging from poor quality imports found in street markets to costly designer variants. But Mark Whitaker, fashion editor of *GQ* magazine, tells me that although one or two labels such as *Libretto* and C-17 are acceptable among the style-conscious, it has to be 501s if you are really going to cut much ice.

In the end I settled on a compromise: I bought a pair of red-tab Levi's, but a more contoured, higher waisted derivative of the 501 called the 518. What they lack in authenticity, they compensate for in good looks and comfort.

I still admit, though, to a secret longing for 501s. One day, I know, I'll succumb to the madness of the marketing hype and get myself a pair.

Watch for that moment carefully, because of one thing you can be certain: the day I do will be the day they go out of fashion.

Images from Levi's latest advert: the 501s campaign has successfully turned jeans generally into a stylish and essential part of almost every wardrobe

Styles: the bottom line

THE JEANS comeback, although led by the 501s revival, has spread throughout the market. Teenagers, for example, are expressing youthful rebellion by adopting the sort of billowing wide-legged denims last seen, ironically, on their parents in the late 1960s.

The difficulty for the non-501 buyer is that because many people are now trying to express some sort of individuality in the sort of jeans they wear, there has been a massive proliferation of styles. A few pointers, though, may provide a path through the maze.

With Levi's, for example, the daunting array of styles is really quite straightforward. There are three ranges – red tab, silver tab and orange tab – each available in a slim, regular, loose or superloose fit.

The slim fit is excruciatingly tight and looks out-of-date these days. Regular is just plain traditional, loose is in keeping with today's more relaxed style of dressing, and superloose is an extremely baggy-legged fit aimed at the younger, fashion-led market.

The top range is the red tab. Based on the classic styling of the 501 (which is the regular fit in the range), it uses a high quality, beautifully finished 15 oz denim and retails at a whopping £29.99 or so.

The silver tab is also a premium product, made in an even heavier 15¾ oz denim and, for some, more comfortably styled than the red tabs. These retail at about £34.99.

The orange tab – once the best-selling range, but now overtaken by the reds – is a budget range in a standard 14½ oz denim. At £29.99, it is still popular as workwear.

Wrangler, too, has three distinct ranges. The biggest, called authentic and retailing at around £28.99, incorporates its traditional styles characterised by that brown plastic patch on the back right-hand pocket.

The company has also jumped on the 501s bandwagon by launching a range called classics, a comfortable and good-looking premium grade jean in high quality denim and three degrees of looseness at about £33.99.

In addition, Wrangler is strong on fashion with its modern basics range retailing at about £31.99. This range includes not only some enormously baggy parallels with a 20in leg, but – yes, seriously – a wonderful pair of flares, guaranteed to bring a tear of nostalgia to the thirtysomething eye.

Pepe has dropped its premium grade range but still offers a wide choice of styles in its traditional range at £31.99 and its forward – that is, fashion-orientated – range at £32.99. Lee's range, meanwhile, is easier to comprehend once you know that its Rough Riders, priced at around £32.95, are a higher quality, looser-fitting product than its Riders at £27.95.

Just to confuse things again, most manufacturers make their jeans in a choice of washes ranging from off-white, through all shades of blue, to black. The "distressed" look – hyper-worn – is now out, and a fairly traditional mid-blue stonewash is the current favourite. Hot tip for the summer, though, is 501s in a newly-introduced bright white – surely the final triumph of marketing over sanity, undermining the whole concept of the 501 as the original blue jean.

Consigned to the record books

Karen Zagor reports from New York on the death of the vinyl LP

IF YOU crave the hissing and popping of a vinyl recording, do not bother looking in most Manhattan Tower Records stores. There are very few LPs left.

"There will come a day when we will take our children to the Smithsonian Institute [in Washington DC] to show them what a turntable looks like and they won't understand what it was used for," says Lou Dennis, senior vice president of sales at Warner Brother Records which owns Elektra/Atlantic (WEA), the US record industry's biggest distributor.

That day is approaching fast. "By the end of 1990 there will not be any LPs in our US stores, as far as the mainstream is concerned," says Russ Solomon, president and founder of Tower Records. "We are trying to identify the areas where people are buying LPs and we will keep a few. But there will be no standard items, just oddballs."

WEA recently said it had slashed about 40 per cent of its 3,700-plus catalogue of vinyl titles. Two other big record companies, PolyGram and CBS, have also eliminated vinyl from large portions of their catalogues.

For the average record consumer, the disappearance of vinyl is perplexing. Most adults own turntables which they use; CDs are still seen by many as new-fangled and expensive.

The villains, when it comes to the death of vinyl, are the music aficionados who spend a disproportionate amount of time and money on chasing the perfect sound.

"The 20 per cent who own CD players represent about 80 per cent of our business, because they are the most active buyers," says Solomon. If casual consumers would unite to buy LPs, they could still save vinyl.

"The main problem with LPs, particularly for classical music, is that after a week you end up listening to a Concerto for Strings and Dust," says Jeff Eldridge, a New York City musician who admits to owning more than 1,200 LPs.

According to Eldridge, there are aesthetic advantages to vinyl, particularly the method of analog recording which produces a more textured sound than the digital recording used for CDs. But these are more than offset by the durability and convenience of CDs, of which Eldridge admits to buying more than 75 last year.

"There's a market for LPs but its not big enough for record companies to make a profit," says Edward Christbin, a music business reporter for *Billboard* magazine.

On an ordinary Saturday in January at an average US Tower Records store, jazz CDs outsold jazz on vinyl by a ratio of eight to one. The figures were roughly the same for pop music. Country & Western CDs outsold vinyl by 28 to one. In classical music, CD recordings outsold vinyl 1,250 to one.

In classical music, where listeners tend to pay the most attention to sound quality, there are virtually no new LP issues. In popular music, there are about 3,000 active titles in cassettes, almost as many in CD, and only 500 in LP. LP sales in the US have plunged from about 58 per cent of all recorded music sales in 1979 to less than 10 per cent in 1989.

In 1984, the first big year for CD sales, manufacturers shipped 204.6m LPs and 5.8m CDs, according to the Recording Industry Association of America. The tables have turned since. In the first six months of 1989, 97m CDs were shipped, and fewer than 18m LPs.

CDs are still not cheap, but prices have come down enough to attract more customers. A new release CD at Tower Records sells for $14.99, compared with $16.99 last year.

The only advantage of LPs, as far as the industry is concerned, is that the bigger album covers provide a better venue for art.

The demise of the LP has yet to hit Europe, where CDs are still too expensive to attract bulk buyers, but the pause is more of a respite than a sign of survival. Indeed, the number of LPs shipped in Britain in 1989 plunged 25 per cent to 37.9m while CD shipments leapt 43 per cent in the same period.

"The LP will linger longer in Europe," says Solomon, "but it is doomed."

The prognosis is somewhat better for the short-term survival of the vinyl single. Record companies will continue to produce them until more juke boxes are built to play CD singles, says Dennis. Even in the US, the death knell has already been sounded – a CD juke box was recently introduced by the Sharper Image, a US consumer gadgets chain, albeit with a price tag of $12,000, plus tax.

"People buy songs," says Dennis, and they are buying them on cassette tapes. Sales of cassette singles soared 500 per cent in unit terms in the first six months of 1989, while sales of vinyl disc singles dropped 60 per cent in the same period.

According to Solomon, there is nothing on the horizon to challenge CDs. "DAT won't raise its head for a long, long time and the record business must get used to being a two-pronged industry."

Meanwhile, there are certain advantages to the CD revolution – even for the amateur music-listener. No longer do hands have to be carefully scrubbed before touching a sacred album, and it takes a certain amount of malice aforethought to scratch a CD.

TRAVEL

A Civilised Weekend: Paris

Opera and old world charm

To introduce a new Travel series, Max Loppert, the FT's chief music critic, describes a civilised weekend on the Ile St-Louis, one of the least hectic parts of Paris, which he says he loves obsessionally

WHERE ELSE but Paris for a civilised weekend? If civilisation, in this context, means somewhere pleasant to stay and a variety of delightful things to do and see, interspersed with good food and drink, where else indeed? There are people, I know, who dislike Paris, who find its fabled harmonies of street, building and river jangled and forced, who resist the invitation – to which I always readily succumb – to walk and walk and walk, in almost all weathers, until the feet scream with pain and the head spins with the sights and sounds. For them, no weekend in Paris could be other than barbaric; and they have my pity.

I was there last month, for the opera. This is not irrelevant to the matter in hand, for in a short time opera in Paris has changed from drought to flood. The controversial new Bastille opera house finally unveils its first proper production (Berlioz's epic *The Trojans*) this month, while the Théâtre Musical de Paris at the Châtelet continues its programme of concert and staged opera, and at the Salle Favart, former home of the Opéra-Comique, a new administration has put together an enticing February-July programme of "small-house" opera. Over the next few months it should become quite possible, by dint of assiduous planning, to be at the opera, and in a different Paris opera theatre, two or even three nights in a row – which, for some people, could supply the perfect foundation stone for a civilised weekend.

In geographical terms, large-scale opera (Bastille and Châtelet) has moved a good few steps east and south across the map of Paris: away from the Place de l'Opéra and the world of Baron Haussmann, and across and down toward an older and (to me) infinitely more fascinating Paris. Because, as I said, this is the great walking city, I always want to be able to make the journey between hotel and opera house on *foot* – for head-clearing purposes, and ideally lasting about 10 minutes either way.

I have discovered that from any of the four hotels on the Ile St Louis it takes just over 10 minutes westwards to get to the Place du Châtelet, 10 minutes exactly up and eastwards to the Place de la Bastille. (To reach the Place Boieldieu, home of the Opéra-Comique, the formula breaks down, and sometimes the Metro becomes a more convenient alternative).

This discovery has provided me with a solid practical reason to do something which I always want to anyway: make my base the Ile St Louis, which I love with a passion that seems to be becoming obsessional, and where I return to wander and daydream at the slightest opportunity. The experience of being there mingles recollections of Amsterdam and Venice with, of course, the unique atmosphere – "old-world charm and provincial calm," is the Michelin definition – of one of the least hectic parts of the city.

This is the smaller and less "important" of the two islands in the Seine; in late medieval times it bore the name of the Ile aux Vâches, the place where the cows grazed and the washerwomen hung out their laundry.

Fanciful though it may be to detect it, an aura of the distant pastoral past also seems to survive. This despite the fact that in the early 17th century the process of developing the Marais for the fashionable houses of the wealthy or newly-rich was extended across the Pont Marie, so that a walk on the quays of the Ile St Louis becomes a gentle perusal of some of the most perfectly preserved Classical facades in Paris, at once domestic in scale and elegant in proportion, with cobblestones and the waters of the Seine to provide the picture frame.

Try to stay at one of four hotels: the Lutèce, the Deux Iles (my own favourite), the St Louis, or the Jeu de Paume, all on the main thoroughfare, the Rue St-Louis-en-l'Ile, that forms the island's spine. (But be warned: none of them, I believe, takes credit cards).

And try to arrive there so as to be settled in and ready for exploration by late afternoon. This is, I have found, the best time in almost all weathers to circle the island via its quays in a light that, whether bright or moist-grey, catches best the peculiar beauty of the walls and stones, and that softens the wide sweep of the surrounding river.

You begin at the upstream end, pausing to take the tip-of-the-island view of the Ile de la Cité, with Nôtre Dame rearing up splendidly, and then veering the eye across to St Gervais and along the prospect of the Right Bank quays.

On your route you note the elaborate ornamented ironwork and proud inscriptions on the facades of great hotels – Marthe Princesse Bibesco, who died in one of the Quai de Bourbon mansions in 1978, was a "feu qui brillait" in the life of Paris. At the other tip of the island is the Square Barye, a public garden which neatly sets down a resting place, and a river panorama of a different kind, halfway along the journey, though it was closed for repair work last month.

Coming back along the Rue St-Louis-en-l'Ile, you find, and perhaps stop to enter, the main church of the island. The street itself is at once unexceptional – poky, with narrow pavements – and lovable, with an unusually large number of art galleries and small, inviting tea-shops. The ice-cream parlour Herbillon attracts long queues out onto the main thoroughfare at the weekend; its wares are now sufficiently prized to be on sale at cafes and brasseries all over Paris.

The final destination, though, should be right back where you started, since this is where a branch of the Left Bank café Flore can be found: Le Flore en l'Ile, just across the way from the pedestrian bridge, the Pont St Louis, connecting the two islands. The view from a window table and the coffee and chocolate macaroons seem, at this point, all part of the same pleasure.

The wonderful thing about the Ile St Louis is the combination of place itself and position: not only a restorative to the senses, but an easy centre from which to fan out to the surrounding areas, each of them a different world, a network of linked, distinct villages and atmospheres (in the way only Paris seems to have preserved). The first full day there is, of course, Nôtre Dame, the Sainte Chapelle, and perhaps even the Conciergerie at hand, with the Left Bank just a small walk further on.

The second – particularly if it is a Sunday – should be kept for the Marais. Skip the hotel breakfast if at all possible in order to walk down the Rue des Ecouffes, thoroughfare of the Jewish Quarter, and savour coffee and a poppy-seed cake at Florence Finkelsztajn's, home of "gastronomie yiddisch." As prelude to all the Hôtels worth visiting, this has its own special piquancy.

A brief word on Ile St Louis restaurants – before, after, or indeed instead of the opera. Wally, at 16 Rue le Regrattier (toward the Nôtre Dame end), has perhaps the most sophisticated north African food in all of Paris; though you pay a good deal more here than you do at the usual cheap-and-cheerful couscous-house. There are several good-value places (such as the Brasserie de l'Ile Saint-Louis, with hearty choucroute, the tiny bistro Au Gourmet de l'Ile).

My own favourite is just across the Pont Louis Philippe: Au Quai des Ormes, on the Right Bank with a warmly hospitable, ebullient Lyonnais cook and a FFr150 three-course meal. Strictly speaking, it is not part of my main theme; but the walks there and back are.

Glyn Genin

Time to stand and stare: The Musée d'Orsay houses works by important artists including major works by French impressionists

SKIING

Snowscapes

THERE IS a chart at Salt Lake City's international airport that lists current snow depths in all the Utah ski resorts. It made mouth-watering reading. Snowbird, less than an hour away – where my companion and I had stolen an unscheduled day in superb fresh powder – had a base of seven feet. Alta, next door, had the same. Park City, Deer Valley and Park West were not far behind.

I felt a pang of pity for Europeans scouting places close at hand for something Decent and safe to ski on. Yet again the general picture seemed to be disaster in the Alps, triumph in the Rockies. Even New England, so often viewed by skiers as the Rockies' poor relation, was enjoying a bumper year. But is the contrast as clear-cut as it seems? Surprisingly, it is *not*.

From Salt Lake, our aircraft set out for Reno, Nevada: the gateway to Lake Tahoe's 18 resorts. But so much snow had piled up on the runway that the airport was closed, and stayed closed for the best part of two days.

Like the airport, many of Tahoe's resorts had been closed during the snowstorms. Squaw Valley, scene of the 1960 *Winter Olympics*, had lost about $1m in revenue. There was so much snow that on one of Squaw's back-country peaks 95 ft of snow had blown in. At the other end of the lake, Heavenly Valley was also swamped with snow. The US, you might have thought, had enough snow to last a life-time.

Not so. When we arrived at America's oldest and most elegant ski resort, Sun Valley, the Idaho sunshine was beating down and the snow cover was poor. Although it was almost luxurious by European standards, there were too many loose stones for comfort on some of the prestigious bowl runs off Bald Mountain.

As we moved on, we discovered that just as California had suffered in December while Colorado had prospered, it was now Colorado's turn to suffer. We sensed that things were not as they should be when we reached Crested Butte. "The snow's not too good," we were told by an otherwise cheerful bunch of Chicago skiers, who shared a trestle table with us during lunch, again under a sun beating down with spring-like intensity. Indeed, the resort's most difficult trails, off the North Face and in Phoenix Bowl, were closed.

In Telluride, a wonderfully picturesque old mining town that is almost enclosed by three spectacular mountain ranges, things were even worse. They were having their worst snow conditions since opening in 1973. The cost of lift tickets had been reduced by 35 per cent.

Telluride's reputation, unlike Crested Butte's, is based largely on its tough skiing. Without them, the resort is like a battleship with no guns. However, having driven 156 miles from Crested Butte to experience these routes, I was allowed the privilege of skiing them with *a ski host*. They were steep and exhilarating. The only reason they were closed was that the limited snow cover would soon have been destroyed by hundreds of skiers.

Although conditions are now excellent, earlier this winter even the likes of Jackson Hole, Wyoming; Taos, New Mexico, and Mammoth, California – three of the most exciting and testing resorts in the US – experienced what for them were somewhat marginal snow conditions. The crucial point, though, is the dividing line between a poor year, when skiing is not as good as it might be, and a disastrous one when skiing is virtually impossible.

"Bad" snow conditions are relative. It seems that when a European resort has a bad year, the skiing can literally reach rock bottom. In the US it is rare for a "bad" year to prevent skiing. I have enjoyed spectacular skiing in almost all the 35 resorts I have visited this winter in North America. Had I been unwise enough to visit the same number of European resorts, it would have been a far different story.

■ *Arnold Wilson's travel arrangements were made by Ski The American Dream, 1-4, Station Chambers, High Street North, London E6 1JD. Tel: 01-470-1181.*

Arnold Wilson

TRAVEL

Paradise regained is a visit to São Tomé

MONEYCHANGERS working the dobra somehow operate without knowing what an exchange rate is. Two of them loiter shyly outside the Hotel Miramar: the only place to loiter, for São Tomé — 200 miles off the west coast of Africa, in the Gulf of Guinea — is a one-hotel country. Fortunately for all the strange souls that wash ashore in its airy lobby, the Miramar is a good hotel run by Swiss professionals.

Those who like to acquaint themselves with unheard of countries will recognise in the Democratic Republic of São Tomé and Principe a prize find. My pre-trip inquiries even baffled the librarian at the Royal Geographical Society in London. Reputations fade fast: in the 16th century São Tomé's meagre coastal belt produced more sugar than anywhere in the world, and as recently as 1905 São Tomé, under the Portuguese, was shipping out a world record 23,000 tons of cocoa a year, harvested from almost-vertiginous slopes as high as 2,000 feet.

Output reached a peak of 50,000 tons in 1926, and the sea crossing to Portugal took 17 days. But the powerhouse of production that typified São Tomé in the last quarter of the 19th century and the start of the 20th is no more, and traces of it are disappearing. Some of the most prodigiously luxuriant jungle anywhere has seen to that. Cocoa production, hit by plummeting commodity prices at awkward moments, and the prompt flight of Portuguese plantation managers at independence in 1975, has collapsed.

The trees are old, the soil's fertility has been drained, fungicidal treatments neglected. The astonishing fecundity of the ground that once propelled this equatorial island into commercial headlines now smothers São Tomé's jaded croplands.

The island has lapsed into slumbrous obscurity. The name that early this century excited British anti-slavery demagogues into fantastical accusations of barbarous abuses, and was debated in Parliament, rouses no indignation now. No traffic frets the potholed roads, the port's quays are bare, the pretty pastels of the capital's gracious civic splendour are faded and chipped by time.

In place of the original Mr Cadbury, sifting and sampling cocoa on the dock for onward transmission to England, is a motley crew of ornithologists, traders, travel writers, sociologists, economists and political scientists watching in amazement São Tomé's tentative moves towards a multi-party democracy — even a representative from the BBC seeking harrowing tales. These are the people, in short, for whom São Tomé is an unrealised possibility, a potential destination, a

Michael Wigan explores a one-hotel country off west Africa

fresh escapee from colonialism.

Plantation work somehow seems out of place today. When such bodies as Opec (the Organisation for Petroleum Exporting Countries), the World Bank, the African Development Fund, the EC and UN are all providing support, the incentives to hoe, plant, weed, and harvest lose their edge; or maybe that is just the way it looks. However, the extraordinary energy and determination exhibited by the Portuguese in their 500 years of colonial rule still remain visible, and their creations still dominate São Toméan existence.

The roading that traversed São Tomé's dramatic geography of deep ravines choked with vast rocks, fingers of naked basalt protruding from intense greenery, jungle-draped precipices and tumbling mountain streams, persists against all the odds. Only here and there have potholes become chasms. But on fresh soil banana trees grow immediately; erosion has no window of opportunity in São Tomé's promiscuous garden.

In addition to the coconuts, pineapples, bananas, pawpaws, breadfruit, jackfruit and more which fall about their feet, São Toméans are surrounded by seas pulsating with fish. Their fishing, in contrast to lackadaisical agricultural practices, is distinguished by brave insouciance. The waters of the Gulf of Guinea, notorious for flash tempests and ferocious squalls, are braved by single men in dug out canoes muscularly wielding paddles.

These fellows, who mostly cannot swim, are to be seen at dawn plying their lonesome trade on the horizon. São Tomé's marine shelf is not wide; these dogged seafarers operate far outside it, rhythmically setting, drawing and rolling their nets. Boats are frequently engulfed.

A very different fisherman is plundering the seas a little further out, a fisherman from afar with technology for lifting the total burden of fish from the sea. Japanese fishing boats, servicing a colossal refrigerator mother ship, string out long lines stretching for several miles. With steel cable and V formations of hooks these sweep the water at all depths simultaneously, pulling out sharks, whales, dolphins, tuna, billfish, rays, barracuda and the rest.

The long-term consequences for both game fishing and commercial fishing (an area São Tomé is trying to improve) will be damaging. In the absence of a single serviceable policing vessel, São Tomé's declaration of a 200-mile fishing zone is purely rhetorical.

Like any island state from which a governing class has suddenly vanished, São Tomé represents an open invitation to wayfarers from many places, of many orientations. In a brief resume of the São Toméan melting pot I noted doctors from Egypt and Malaysia, a French nurse, Swiss hoteliers, British media personnel and Voluntary Service Overseas workers, a military unit from Angola and Cuban security advisers to prop up the president, Australian diving outfitters, American aid workers and a force of Filipinos drafted in by the island's sugardaddy, an Indian-born German mining diamonds in Angola.

The German is the figure São Tomé would have to invent if he had not materialised. São Tomé needs the romantics, dreamers, fugitives and globetrotters that it attracts, and the richer the better. His idea is to develop an environmentally innocuous jungle camp for the élite, naturalistically designed and camouflaged into its surroundings, with individual bungalows forming a base for visiting big game fishers.

The camp is not on São Tomé but on Principe, a smaller island, with better fishing, lying north east and 80 miles away. Principe is the stuff dreams are made of, compelling dreams, expensive dreams. In a paradisal northern bay framed by voluptuously unrolling rain forest sits the absurdly pretty Portuguese capital, laid out with the usual stately space giving dignity and emphasis to elegant colonial villas.

Allegedly only the ancient English clock is in working order, imperturbably keeping time where it has ceased to have an application. A beefy motorcruiser lay ready to whisk us round the island.

Aside from the capital village and an airstrip, Principe appears hardly to have been touched by man. Like São Tomé when the Portuguese strode up the beach in 1470, Principe had no indigenous people, or none remaining. The island is as God made it, like São Tomé presenting a skyline and coastline formed by volcanoes which move from one harmonious tropical cameo to another.

Here again, stumps of stone, barefaced or smothered in vegetation, poke eccentrically from the tumbling hills and

The hungry pick fruit from the wild, eat fish, and snare birds

gullies. Between the white beaches black larva once cascaded sizzling into the sea. Flame trees send orange signals from the riotous green; birds rejoice raucously at the absence of predators (human population: only 5,000). During our visit our transportation alternated between cruiser, dinghy and army landing craft, and finally we sloshed our way through the red mud of the site's access road back to the airstrip. The finished camp will be served only by sea, and a bridge will straddle a narrow strait connecting a nearby island.

The project must succeed. Its author is only proportionally a dreamer and owns an airline. For São Tomé and Principe have emerged into a post-industrial world without having experienced an industrial one. Production and organised distribution under the Portuguese task masters, of quinine, coffee, maize, manioc and many tropical plants and essences, shows no sign of being resumed on a significant scale. Cocoa, the economic mainstay, is effortlessly undercut by the Ivory Coast and the Cameroon.

At independence, the São Toméans took liberation to a literal extreme, opening the doors of the chicken houses and pig pens and letting the animals run free. A consequent swine fever attack in 1979 led to all the pigs being slaughtered. Without exercising compulsion, the Government has a problem conducting an agriculture-based economy. The hungry São Toméan picks fruit from the wild, eats fish, and snares the island's increasingly rare birds.

São Tomé and Principe are placing their bets on becoming a travel destination. Two hotels are under construction, others planned. Physically it is certainly spectacular, rolling back from the shoreline in waves of rain forest, rising up and up through a succession of microclimates to a mysterious cratered summit 6000 ft above, permanently hidden by cloud and inaccessible unless you are prepared to swing over ravines like Tarzan on dangling lianas. Unusually in west Africa it is possible to climb quickly out of the muggy heat. The Portuguese had their villas there and cultivated European vegetables.

Pastimes are pleasure in simple things. For silviculturists the rain forest contains species from Brazil and for ornithologists there are endemic species to savour. Rare turtles have an odd status — formally protected, yet sold in shell form by government officials. Beaches abound, untainted and unpeopled, bordered by jungle.

People watchers will have a field day, spotting the weekenders from the Mosquito Coast, West Africa-stricken consuls pensioned off but too wonky ever to go home, oleaginous traders with shifty eyes playing a waiting game for the business concessions and the next distribution of foreign aid, and the latter day Prosperos and Calibans.

The least worried looking are the friendly Africans. My preferred lasting image of São Tomé comes from the sparsely populated south side. A red tractor conveying distant singing wove into view along a pitted road. As they spied me its thronging human trailerload rose to their feet ululating tremendously, their long black arms stretching for the sky as if I had just kicked the deciding goal.

■ *Michael Wigan's journey was arranged by Ecosafaris of 146 Gloucester Road, London SW7 4SZ, tel: 01-370-1085. He flew with Swiss Air, changing at Libreville for São Tomé. Ecosafaris says that nine-15-day holidays in São Tomé cost around £1,350-£2,000, with various add-ons available.*

The new-look Jaguar that you'll probably never see

***Stuart Marshall** at the Geneva show finds that the traditionalists have doubts about this Italian-designed V12 for the mid-1990s*

Giugiaro's vision of the V12 to come . . . but is it what the typical Jaguar owner wants?

ONE OF THE star turns at the Geneva motor show is the idea from Italdesign's Giorgetto Giugiaro of how a Jaguar V12 saloon in the mid-1990s should look. It is certainly different.

Instead of the deeply traditional (some might say updated 1970s') styling of the present Jaguar, Giugiaro's creation is state of the art. He calls it the Kensington.

There is a Jaguar grille but it is a tiny, sloping thing between narrow, elongated head-lamps. From there, the wedge-shaped, four-door body flows aerodynamically and rather elegantly back into a boot far higher than anything Jaguar ever has contemplated.

Unlike some of the concept cars you see at European shows, which often are little more than cardboard cut-outs of the real thing, the Kensington is a runner. Its platform and mechanicals are from a Series III V12 Jaguar but the proportions are different.

It is a few inches shorter than a Series III V12 and a fraction higher. It has a little more overhang at the front, considerably less at the rear. But before you reach for your chequebook and ask Jaguar how much deposit is required, I have to say there seems no chance that the Kensington will roll off the line at Browns Lane, Coventry. Jaguar people with whom I spoke did not exactly damn the car with faint praise but they did not go overboard for it, either.

You felt from their comments that they thought it a little *arriviste*. A bold effort, to be sure, but not quite what the typical Jaguar owner – with his liking for walnut veneer, Wilton carpet, Connolly leather and respect for the Great British Traditional Motor Car – really is looking for.

There is quite a lot in this. The world is becoming over-full of aerodynamic and wedge-shaped executive and luxury cars but the Jaguar XJ saloon remains what it always has been – a slice of Old England. There is nothing quite like it except a Bentley and they cost serious money, putting them out of reach of most people who drive Jaguars.

From Jaguar, you turn naturally to its new owner, Ford, which is using Geneva to unveil a brace of 21st century mini-car concepts from its Italian styling studio, Ghia. One, called Zig, is a two-seat sports car; the other, Zag, is a leisure vehicle.

They are tiny because Ford is looking to the time when cars, whether we like it or not, will have to be smaller to fit into what space remains for us to drive them. Zig and Zag are built on the Ford Fiesta's platform, shortened by more than eight inches (20 cm) at the rear. They can use any of the present Fiesta engines and transmissions and, although looking quite different, they share a number of body panels.

Geneva's *salon international de l'automobile* always has its fair share of exhibits that major on eccentricity, opulence and vulgarity. There are plenty there again this year but there are signs that one of the leading eccentrics, Franco Sbarro, might have created something significant. He has re-invented the wheel.

It no longer turns on an axle. The weight of the vehicle – and it can be anything from a bicycle to an earth-mover – is carried directly on the inside of the rim above the tyre's footprint. The wheel itself acts as the outer part of a very large-diameter ball-bearing.

Sbarro, a self-taught and inspirational engineer, demonstrated the idea last year and, clearly, has done a lot of work on it since. A lot of people dismissed it then as a dotty gimmick but they could be wrong. It would save a lot of weight, allow very large brake discs to be used, and give the stylists great opportunities.

Back to the present, the Green influence at Geneva is strong. (After all, Switzerland was one of the first countries after the US to compel use of catalytic converters on car exhausts). The PSA Group is using the *salon* to present diesel versions of the new Citroen XM – making its first show appearance since being chosen European Car of the Year 1990 – and Peugeot 605 models.

Both have the world's first three-valves-per-cylinder *diesel* engine for which exceptional fuel efficiency – and, hence, environmental friendliness – is claimed. (I am using a Mercedes-Benz 300D for the return journey to Geneva and will soon be trying the XM diesel, which goes on sale in Britain in a few weeks. More soon about these cars with very low carbon dioxide emissions). The Peugeot 605 diesels and petrol-engined versions with automatic transmission also are making their show debut and will reach Britain early in the summer.

Meanwhile, the day when there will be restrictions on West Germany's *autobahnen* – still an oasis in a desert of speed limits – grows nearer. Optimists say it will be five years at the most, the pessimists three years or less. But the car-makers, looking eternally on the bright side, continue to bring out ever-faster new models.

Porsche, for example, is showing a new 911 Turbo with revised body styling – and, inevitably, more power – for production at the end of this year. Its 3.3-litre, air-cooled flat six puts out 320 bhp; enough, Porsche says, for a top speed of 168 mph (270 kmh) and an 0-62 mph (100 km) acceleration time of five seconds.

Europeans are getting their first look at Mitsubishi's HSR II prototype, which made its debut at Tokyo show last autumn. It has four-wheel drive, four-wheel steering, "fly by wire" controls and a three-litre, 24-valve V6 with twin turbo-chargers and inter-coolers. One of the production cars being developed from it, a replacement for the Starion, is expected to reach Britain late in the spring of 1991.

The ultimate in high-speed super-cars (or follies, depending how you think) is the Lamborghini Diablo, seen in public for the first time at Geneva. With a 492-horsepower, 5.7-litre V12 engine, this missile is said to reach 62 mph in 4.09 seconds (you have to be precise about such matters) and to have a top speed of about 200 mph (322 kmh). Its Pirelli P Zero radials are smaller versions of Formula One racing tyres, adapted for use on public roads.

Am I alone in finding the possibility of such a car being sold to anyone with a big enough bank balance both anti-social and frightening? Mercifully, many of the people who buy such costly machines treat them as toys with which to be seen in trendy places or as appreciating investments, not serious transport.

BRIDGE

RON KLINGER'S *Bridge Without Error* has been re-issued by Gollancz at £5.95. This book contains many hands – intermediate and advanced – that will instruct and entertain you. The very original layout highlights the errors to be avoided.

We start with duplicate pairs:

N
♠ K Q 3
♥ K Q 10 7 2
♦ A J 10
♣ A J

W
♠ –
♥ A 8 6 5
♦ K 9 5 3 2
♣ Q 7 6 4

E
♠ 7 6 5 4 2
♥ –
♦ Q 7 6 4
♣ K 10 9 2

S
♠ A J 10 9 8
♥ J 9 4 3
♦ 8
♣ 8 5 3

West dealt and passed. North opened with one club – conventional and forcing – South replied with one spade and North re-bid two no-trumps, which promised 20-plus balanced points. South said three hearts and North bid four clubs (agreeing hearts and looking for higher things), but South signed off with four hearts.

West led the diamond three, taken by dummy's ace. Declarer returned the two of hearts to his nine, East showing out, and West let this win. Now the spade eight was played, West ruffed and East dropped the two, the suit preference signal for a switch to clubs.

West led the club four. Now nothing could prevent West from gaining the lead with the heart ace, leading a club to partner's king and ruffing the spade return. One down.

At trick two South should ruff a diamond in hand, play a heart to the queen, ruff another diamond with his knave and play another heart. West scores his ace but South collects 12 tricks.

We turn to the advanced section for a hand from team play:

N
♠ A 9 7
♥ 7 6
♦ Q J 9 8 3
♣ K 10 3

W
♠ 3 2
♥ A J 10 5 4
♦ K 5 4
♣ J 9 2

E
♠ J 10 8
♥ K 2
♦ 10 6 2
♣ Q 8 7 6 4

S
♠ K Q 6 5 4
♥ Q 9 8 3
♦ A 7
♣ A 5

North dealt and, after two passes, South opened with one spade. North replied with three diamonds. A jump bid after passing shows a maximum pass, a five-card suit, and good three-card support for the suit bid by partner. South decided to jump to four spades.

West led the spade two to seven, eight and king. South cashed his diamond ace and continued with the seven to the king in West's hand, East following with two and 10. West switched to the club two, the ace won, South drew trumps and made 11 tricks.

West missed an inference from partner's diamond plays. On the ace, East dropped the two (showing an odd number of cards in the suit) and then played the 10. This, therefore, was an unusual card, asking for a switch to the higher suit – a heart, not a club.

At trick four, West must lead a low heart to his partner's king and East returns the two. West wins and plays a third heart and this promotes a trump trick for his partner. The right message must be transmitted – but unless it is also received, it bears no fruit.

E. P. C. Cotter

BOOKS

Long live Billy the Kid

***Michael Thompson-Noel** is transported to the Mid-West*

ARE THE best travel books the ones that make you want to catch a plane or boat immediately, to head (in the case of this dream book) for the mares'-tailed skies and short-grass prairies of Montana, Wyoming, Oklahoma, the Dakotas, New Mexico and Texas?

Not particularly, because in the company of the best writers we are there already, feeling the wind, imagining the buffalo, crossing the headwaters of the Missouri, driving through fields of wheat and milo and sudan grass and flax and alfalfa and hearing Billy the Kid yell "Three cheers for Billy the Kid!" as he gallops down Main Street in Lincoln, New Mexico, having just shot sheriff's deputy Robert Ollinger with Ollinger's own shotgun. "Take that, you son of a bitch!" shouted Billy the Kid, shooting Ollinger with both barrels. Imagine it: *"Three cheers for Billy the Kid!"*.

One of my favourite books is *Blue Highways* by William Least Heat-Moon, an account of this mixed-blood's travels in a truck named Ghost Dancing on a long circular trip around the back roads of the US. It will go into the tomb with me along with my impresario's coat and other

GREAT PLAINS
by Ian Frazier
Faber & Faber £14.99, 291 pages

funerary items, ready to accompany me on the mysterious journey beyond. And now it has a companion, for *Great Plains* is a memorable evocation of the endless horizons of the American interior, or at least the Mid-West.

Over several summers, Ian Frazier drove perhaps 25,000 miles on the plains, from Montana to Texas and back twice, and covered many shorter distances. He visited every Great Plains state, dozens of museums, scores of historic sites and numerous cafés. When he wasn't travelling he went to libraries, read books (such as *Curse Not His Curls* by Robert J Ege, a ringing defence of General Custer) and studied the local newspapers.

No wonder Garrison Keillor has called *Great Plains* a "modern masterpiece." For a start, Frazier is brilliant at explaining what the Great Plains are not. They aren't pretty, like Switzerland, or winsome. They do not ingratiate. They seldom photograph well – rather, are seldom photographed. Parts of them are a little bit monotonous.

As Frazier says, convincing someone not to destroy a place that can seem as unvaried as a TV test pattern is a challenge. The beauty of the plains lies partly in themselves but also in the sky and in what you think when you look at it. At one point Frazier spits with venom at the hooligans in the mining industry – they are mostly hooligans in the mining industry: affable vandals, geology's goths – who would strip-mine the landscape away, chew it up, leave it like trash, create a kind of time prison, because "even after 'reclamation,' land that has been stripped gives you no year to think about but the year when the stripping happened."

If Frazier is good at explaining what the plains are not, he is devastatingly effective – quirky, poetic, boundlessly enthusiastic – in explaining what they are. They are about 2,500 miles long and about 600 miles across at their widest point. They are the air shaft of the continent, where weather fronts from two continents meet. A place where sparrowhawks sit on telephone wires, thinking of mice and flaring their tail feathers.

Where all kinds of Indians roamed: Sioux, Crows, Blackfeet, Atsinas, Crees, Cheyenne, Arapahos, Kiowa, Apache, Comanche. Where Bonnie, who on the inside of her right thigh bore a tattoo showing two hearts joined by an arrow, and Clyde, who played the saxophone and owned sheet music and wasn't thought to be greatly interested in the inside of girls' thighs anyway, shot up the place in fine old style.

Master of his craft, Frazier spreads out the results of his research like Wyatt Earp fanning cards. For example, he says that when freshly pitched, tepees (he prefers the Dakotan form, *tipi*) were nice inside, with the grass still fresh and green. It took 12 to 14 tanned buffalo hides to make an average-sized tepee, up to 50 for a big one. "As the hides aged, they became like parchment, and let more light through. At night, a tipi with a cooking fire inside was a cone of light."

There is a roll-call of people, not at all famous, who lived on the plains: Charley Burke, a coal miner, who was *smothered in Billy Kirk's mine when* fire took hold (his dog was smothered too); Willys Irving, town boxer; Gilbert Funkhouser: was never married and passed away in 1921; Stella Swab: homesteaded in East Fork and married a druggist; Emil Person: tall and lean, he had so many pictures of women on the walls of his claim *shack that they overlapped . . .*

This is a wonderful book. Long live Billy the Kid indeed.

Read it with the ears!

***Anthony Curtis** enjoys a permissive approach to Hopkins' poetry*

THIS ENTERPRISING package was timed to coincide with the centenary of Gerard Manley Hopkins's death last year, and has just been generally released. It consists of a cardboard slip-case containing a video and a flexi-covered book of 186 pages. The book has a useful selection of Hopkins's poems, letters and journals. The compiler Jonathan Baylis also gives a concise account of Hopkins's life split up into its different phases: Highgate schoolboy and Oxford undergraduate; Jesuit novice; schoolmaster; parish priest in some pretty rough areas of Victorian Britain; and finally, overworked examiner of Irish students seeking honours degrees in Latin and Greek at Dublin University. Hopkins died aged 44 in 1889.

For anyone planning a journey into Hopkins's calculatedly difficult but richly rewarding poetry, the package offers a useful survival kit. Mindful of the difficulties, Baylis imagines a computer beeping angry messages back at Hopkins: "word does not exist," "illegal punctuation," "incorrect syntax," "warning – no main verb." He repeats the advice which Hopkins himself gave Robert Bridges whose initial responses, on getting the poems through the post, were frequently as puzzled as those of the computer, "Read it with the ears!"

In addition Baylis includes an interview with the actor Peter Gale who has been performing Hopkins on stage all over the country. The video is a version of his successful one-man show. Gale's breezy attitude to the problem of speaking the verse before an audience is simply to jettison all the theory. Forget, he says, about sprung rhythm, just "find your own rhythm;" ignore the stress marks that Hopkins put over some of the words, "find where you think the sense is, then just go for it . . . enjoy it."

This permissive approach works well enough in practice. Gale gets good value out of "The Wreck of the Deutschland." We see the page in *The Times* announcing the wreck that inspired Hopkins to break his seven-year poetic silence. Then Gale plunges into the more dramatic parts of the poem. The sister who cried, "Oh Christ come quickly," emerges as a separate voice.

Gale is, however, at his best in presenting a portrait of Hopkins before his conversion, as an undergraduate dandy at Balliol in the period when the furore of the Oxford Movement had receded into recent history but when conversions to Rome among undergraduates reading Greats were still rife. We see Gerard staring into the mirror, rhapsodically contemplating the Real Presence. After the brutalities of his headmaster at Highgate, and the cosiness of home, Hopkins relished the freedom and intellectual companionship he found at the university. Nonetheless inner doubts gnawed away creating the crisis that sent him via Newman to Rome.

It is when he turns his back on Oxford and begins his novitiate as a Jesuit that this sensitive whimsical lightweight Hopkins of Gale's seems to be diverging somewhat from the actual man who embraced poverty, chastity, obedience and wrote the poems. Still, it is salutary to see him in his less solemn, more everyday moments, having to slop out the urinals of the seminary as his duty for the day, or being taken for a ride by his pupils who ask him to demonstrate how to mesmerise a hen. The actor Anthony Hopkins fills in the narration and there are contemporary illustrations of the Welsh landscape the poet loved so much and the music that he enjoyed as listener and executant.

For a fuller account of his adult life and the constant sadnesses that coloured it, to learn how he managed to combine

GERARD MANLEY HOPKINS: PORTRAIT OF A POET
By Peter Gale and Jonathan Baylis
The Picture Publishing Company, £16.95, 186 pages

being a priest with being a major poet, we need to turn to a good biography. Fortunately the one by Paddy Kitchen *Gerard Manley Hopkins: A Life* originally published in 1978 was reissued as a paperback by Carcanet at £6.95 for the centenary. It covers all the ground in a spirit of judicious admiration. After that it is interesting to turn to a more concentrated study of Hopkins as a religious poet. The most recent one by Anthony Kenny, *God & Two Poets* (Sidgwick & Jackson £16.95), takes the form of an extended comparison between Hopkins and Arthur Hugh Clough. These two fine poets, both Balliol men, separated by a generation, started as undergraduates from a similar Anglican up-bringing, but then travelled in opposite directions, Clough to Unitarianism, Hopkins to Catholicsm.

Gerard Manley Hopkins

Kenny's approach in which Clough's work receives the major share of attention is that of a philosopher probing the poetry for the precise nature of the religious experience it conveys. He makes the extremely interesting point that "Hopkins's incomparable genius for describing nature and natural beauty conceals the fact that the theological linkage between nature and the economy of salvation is often tenuous. This is notoriously so in the case of *The Windhover*, which Hopkins thought, with reason, one of the very best things he had written. The description of the falcon's flight is a marvel of ecstasy, but it is related to religion only by the dedication 'To Christ our Lord.'"

This may explain the universal appeal of Hopkins. His current standing as one of greatest English poets of the modern movement he owes to secular critics who were atheists or agnostics. None of the poetry was published in book form during Hopkins's life and almost none in periodicals. Bridges released some during the First World war and published it in a full edition in 1918. Apart from Middleton Murry and one or two others, the reviewers were baffled. It was I A Richards's appreciative essay in *The Dial* in 1926 that really put Hopkins on the map, then Richards's Cambridge pupil William Empson included several of the poems in *Seven Types of Ambiguity* (1930), and finally Leavis set the seal on Hopkins's reputation by the chapter on him in *New Bearings in English Poetry* (1932). Leavis claimed that by comparison with Hopkins's finest work, "any other poetry of the 19th-century is seen to be using only a very small part of the resources of the English language." It is a claim which today, surely, no one, not even the most fervent admirer of Clough, would wish to challenge.

Fiction

In search of an actor

GENTLE SATIRE, that cosy, seductive, spine-sapping mode beloved of the English, accounts for the enormous success of the *Yes Minister* series and of John Mortimer's earlier Titmuss saga, *Paradise Postponed*. In *Titmuss Regained* we return to Rapstone Manor, the home, devotees will recall, of Lady Grace Fanner, whose unfortunate (and unbelievable) tumble with the saintly protester, the Rev Simeon Simcox, resulted in the birth of difficult Charlotte, who married Titmuss and subsequently perished in a CND demo, thereby demonstrating Mortimer's despair – mentioned in a recent interview and continued in this new book – at the inefficacy of protest as a political weapon. More English than that you cannot get: look east, young man.

The odious Titmuss is now Minister of Housing, Ecological Affairs and Planning (HEAP), still smarting, after all these years, from the taunts of the local bloodies who jeered at his hired dinner-jacket and pre-knotted bow-tie and dunked him in the river. Lady Grace dies and he buys the Manor as bait to catch the good Jenny Sidonia, widow of an Oxford don. Titmuss fails to outwit his ambitious number two who grants planning permission for a new town which will surround the manor, and destroys his own marriage by retrospective jealousy of Jenny's dead husband, a moral blindness which fails to recognise the nature of true love.

Mortimer's justifiable indignation at the rape of England at the hands of the developers, the vitriol in his descriptions of modern country town centres and the Stalinist regimentation of country parks, carry

TITMUSS REGAINED
by John Mortimer
Viking £13.99, 281 pages

THE COVER ARTIST
by Paul Micou
Bantam £12.95, 254 pages

all this well beyond romp territory. But a lack of telling detail smacks of creeping television blight, that skimping, stunting disease which affects the fiction of those authors caught between script and screen: from sneaky deputy Ken Cracken to the formidable chair of the local planning committee, Babcock-Syme, they are all characters in search of an actor.

Even Titmuss himself fails to convince: compare and contrast him with Widmerpool, and even Lopakhin, his fictional forbears, and one sees only too painfully the corners that have been cut in the name of comedy. Stabs at sympathy are made, notably in his relationship with Jenny, but time and again we are thrown back onto the safe base of inverted snobbery. Poking fun at the parvenu is a well documented path to the easy laugh, but in this case it fails to illuminate the politics of envy.

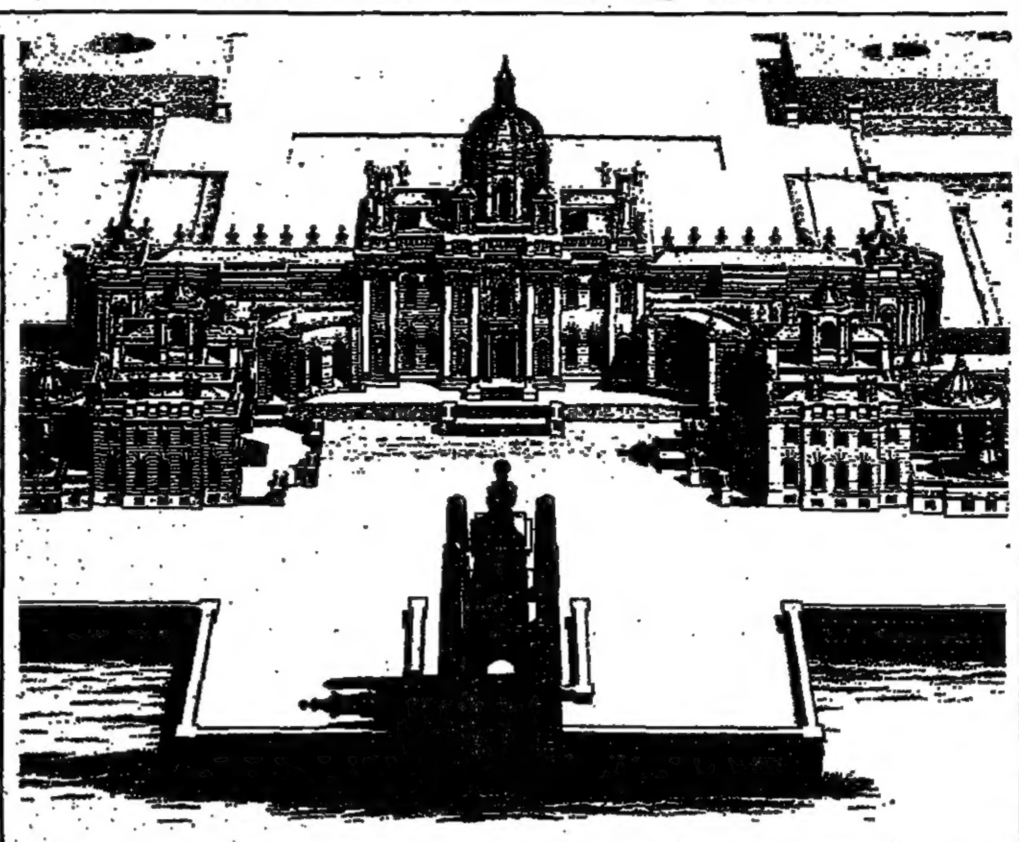
Paul Micou's first novel, *The Music Programme* (published last year) was a wildly funny, wonderfully savage vision of an international agency in Africa, dedicated to musical appreciation and its own perpetuation. To anyone who has ever had any dealings in that field it was both instantly recognisable and deeply subversive. One rocked with guilty laughter. It was a brilliant debut, marred only by a sloppy inconclusive denouement: and it was a hard act to follow.

Second novels are often what separates the men from the boys and it is not clear that in his new novel, *The Cover Artist*, Micou has yet found another subject which is worthy of his formidable talents. Oscar Lemoine, a young American expatriate has retired temporarily to the South of France, retreating from the fame brought by his talent as a brilliant caricaturist of nude celebrities for the cover of a trendy New York magazine. He is accompanied by his dog, Elizabeth, an ageing black labrador who paints best-selling pictures in the Canine Expressionism school.

The magical animal idea (backwash of the John Irving school of twee fantasy) was glanced at in the first novel and here is used to make some kind of point about true and false art. But the real strength of Paul Micou's writing is his eye for social satire. The scenes in Manhattan have pith and bite; the denunciation of the fractured speech of the young, failed by current educational systems, even the shallows of expatriate life in the South of France, have some validity. But, sadly, the effects are strained for, the invention falters, the targets are not focussed or important enough. Too many of Micou's suspiciously autobiographical-sounding set-pieces reappear. I am tempted to advise him to go to work in another organisation, preferably of an impeccably worthy nature, and then try again.

(The Music Programme by Paul Micou has been reissued in paperback by Black Swan: £4.99, 300 pages.)

Mary Hope



Detailed documented architectural and social histories of single buildings are comparatively rare. Charles Saumerez Smith in his *The Building Of Castle Howard* (Faber and Faber, £17.99, 221 pages) tells the whole story of the palace on the North Yorkshire moors that the third Earl of Carlisle and Sir John Vanbrugh built from 1700. He explains the personal and political reasons behind the creation of this vast, magnificent pile. The story unfolds through the accounts of contemporaries and – surprise, surprise – our learned author concludes that ambition, ostentation and display were among the chief motivating forces.

The reconstruction of aspirations is as intriguing as the actual construction of the house. There is a hollow sadness at the heart of this tale as we learn of the third earl alone in his pile contemplating the design of his mausoleum and passing the long days playing cards with his domestic chaplain. However, in the section entitled "Life Style," it is reassuring to read that the house, for all its grandeur, was draught free and could be kept "in perfect cleanliness" by three housemaids and a man.

Colin Amery

Buffoon in power

BUFFOONS IN power appeal to us. Think of the residual endearment enjoyed by George III. Think of the great American affection for Ronald Reagan. And think of the success on British television of Claudius, Cl-Cl-Claudius. Of all the soapy or dramatic potential offered by the history of Rome, it took Claudius, or Derek Jacobi's amiable buffoon of a Claudius, to command peak viewing time. Jacobi's Claudius came from Robert Graves, whose *I, Claudius* and *Claudius the God* did much to rehabilitate the man dismissed by Gibbon as "the most stupid" of Roman emperors; but that rehabilitation did no more than transform the stupidity into a basis for sympathetic attention.

For those who came to Claudius through Graves and Jacobi, Barbara Levick's new study is bad news. True, her Claudius suffers from cerebral palsy, and certain associated physical disabilities: but he is no fool, and if he ever played the fool then it was to his own political advantage. Whilst his uncle Tiberius held power, Claudius limped and stammered and busied himself with Etruscan history; whilst his nephew Gaius "Caligula" held power, Claudius continued to limp and stammer and fuss over his Etruscan history (it ran to 20 volumes). Then Caligula was bumped off: and within hours, the disabled scholar was being saluted by the heavies of the Praetorian Guard as imperator.

Claudius, promising bounties to the guardsmen, appeared to limp into the role they had foisted upon him. Members of

CLAUDIUS
by Barbara Levick
Batsford £25, 256 pages

the Roman Senate seemed to regard Claudius not only as a buffoon but also as a despot: the buffoon carried out selective executions, and absent-mindedly included those who had assassinated Caligula. Having terrified the aristocracy, the buffoon proceeded to gain popular support by his open disposition towards public spending and patriotic enterprises.

The Claudius of this book is a political animal, who usurps power and hangs on to it through guile and good sense. A limp and a stammer do not impede political acumen: it is Dr. Levick's virtue to have rummaged beyond the romance and prejudices of Roman historians to bring us a proper political understanding of Claudius. Even his self-trumpeted great achievement, the conquest of Britain, is distilled into terms of political motivation. There is nothing the plebs like better than a good scrap away from home.

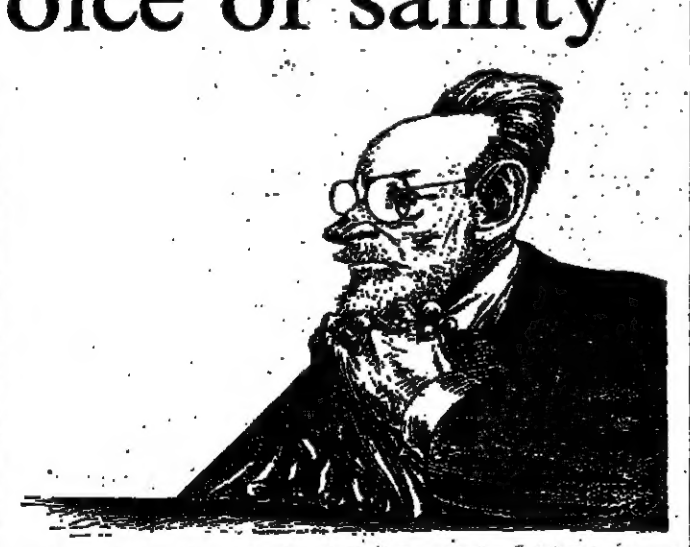
In the days of Claudius, there was a boundary called Oceanus and neither Julius Caesar nor Caligula had subdued the land that lay beyond. What better focus for a rattle of Roman spears? No matter that this land was hardly teeming with precious metals; no matter that it contained some splinters of resistance that occupied a disproportionate commitment of Roman manpower. Its conquest was a political gesture. And when one of those splinters of resistance, Caratacus, was dragged before the emperor in Rome to be abused and beheaded, Claudius made another political gesture: he complimented the barbarian on his fluent Latin, praised his courage, and gave him pardon. This was no act of eccentricity: it was one up on Julius Caesar, who had demonstrated no such clemency to Gaulish chieftains. You cannot be merciful without being powerful.

Naturally, this politically adroit Claudius is less colourful reading than Graves. Even Messallina – erstwhile wife of Claudius and one of history's best-known man-eaters – even she seems more driven by political interests than sexual appetite in this account. And the illustrations show a sensible and subtle Claudius: the front cover is taken from a relief at Aphrodisias, in Western Turkey, showing Claudius (Achilles) killing Britannia (Penthesilea, Queen of the Amazons). The locals must have been impressed. But I am sorry that no space was found for that memorable bronze head of Claudius once dredged from the River Alde, now in the British Museum. It is supposed to have come from the temple of Claudius the God at Colchester, and was possibly hurled into the river by Boadicea and her followers. Did Claudius have any say in the propagation of this statue? That anyone could ever have grovelled before the image of such a saucer-eared moron is unthinkable. But perhaps our clever Claudius knew that Britons like a buffoon in power.

Nigel Spivey

The voice of sanity

"FINDING A voice" is reckoned to be the primary task of a writer, and the voice achieved makes all odds in a writer's work even. Primo Levi had already found a distinctive voice in his first book, *If This Is a Man*, written in 1947 when he was 28 – a record of his imprisonment in Auschwitz. It is unmistakeable from the first sentence of the Author's Preface: "It was my good fortune to be deported to Auschwitz only in 1944, that is, after the German government had decided, owing to the scarcity of labour, to lengthen the average life-span of the prisoners destined for elimination; it conceded noticeable improvements in the camp routine and temporarily suspended killings at the whim of individuals."



Primo Levi, who died in 1987, taken from a collection of caricatures and drawings by Tullio Pericoli: Woody, Freud and Others (Thames and Hudson £14.95, 158 pages)

That use, unfreighted by irony, of "good fortune" in the context of "killings at the whim of individuals" points to a good fortune beyond: Levi's ability to speak with unmisgiving yet unforgiving lucidity about the experience of absolute evil. He was made as a writer by the discovery of his voice, but for us it has a more than literary value – it is a form of redemption. Everything Levi produced – verse as well as prose, journalism as well as novels, airy caprices as well as documents of Auschwitz – is saturated with the sanity of this voice, and none of it should be ignored.

His new posthumous book of stories and essays, *The Mirror Maker*, follows on from the collection of articles, *Other People's Trades*, published in Raymond Rosenthal's equally fine English translation last year. Most of the material in both volumes first appeared in *La Stampa*, the newspaper of Levi's native Turin. Neither work has the concentrated intensity of his marvellous book *The Periodic Table* (1975), in which the elements – from argon to carbon – of his own first trade as an industrial chemist (a trade he considered to have saved his life at Auschwitz) are taken as intriguing starting-points for meditations on his wartime past. But the presence of that past and the experience

THE MIRROR MAKER
by Primo Levi
Methuen £12.99, 176 pages

of that scientific trade are attested in most of these occasional pieces, which are consequently all the less occasional.

The Mirror Maker's second part, devoted to essays, begins with Levi's valuable view (1960) of the arrest of the Auschwitz commander, Richard Baer, whose slave he was for almost a year. As a blind executor of orders without whom those "great savage beasts, Hitler, Himmler and Goebbels" would have been impotent, Baer "belongs to the century's most dangerous human type." Levi quietly reminds us that this mass-murderer lived undisturbed in Germany for 15 years before being tracked down not by the German police but "'illegally' by victims who slipped through his hands."

The book's division into essays and stories (there are three poems also) seems rather arbitrary, since "A Mystery in the *Lager*" and "The Tommy-Gun Under the Bed," both included with the latter, are quite clearly factual accounts of the war. Some of the essays neatly complement the fiction. "The Man Who Flies," a column on weightlessness, finds its wish-fulfilment in "The Great Mutation," a witty little Angela Carterish story of an adolescent girl who sprouts wings. "Bacteria Roulette," an admiring review of the geneticist Salvador Luria's autobiography, and "The Spider's Secret", about the chemistry of varnishes, are humorously pre-empted by two of the first part's "Five Intimate Interviews," in which Levi, poking fun at his second trade, sets down conversations between a journalist and respectively a herring gull, mole, giraffe, spider and an intestinal bacillus.

The stories have a crisp fantasticated quality, and in their modest way recall Borges and Calvino. They may come as a surprise to readers of Levi's books in English translation who have not had access to the "technological fantasies" of his untranslated *Storie Naturali* (1967) and *Vizio di Forma* (1971). But it is essentially the same voice speaking here as in all of Levi's work known to me: the beautifully eloquent voice of a beautiful and supreme reasonableness.

Paul Driver

Crimes

A TOUCH of Frost by R.D. Wingfield (Constable, £12.95, 356 pages) is a thoroughly fleshed-out police-operational story, whose protagonist D.I. Frost is a kind of Anglo version of Inspector Ghote (or TV's Lieutenant Columbo): *scruffy, apparently bumbling,* unliked by his colleagues and bullied by his superiors, and yet shrewd, canny, human, and – in the end – right. His antagonist, the egregious Divisional Commander Mullet, is a creation of high comedy; and even the bit players are sharply portrayed.

The book is very long, but Wingfield is adept at keeping half-a-dozen stories going at the same time, and interest never flags. The solutions are totally satisfying, and leave the reader eager for the next Frost adventure (if he can keep Mullet from throwing him off the force for gross insubordination).

Simon Bognor, special investigator for the Board of Trade, is sent north to get a taste for good, solid middle England, the heart of the heart of the country in Tim Heald's Business Unusual (Macmillan £10.95, 188 pages). Industrial Scarpington affords plenty of things worth *investigation, including* a pair of apparently covered-up murders. Bognor naturally goes far beyond *his brief;* but – at the last moment – his sensible wife Monica recalls Simon from his wild-goose chase, and all ends suitably.

Tim Heald writes comic mysteries, a demanding genre. To meet those demands, he indulges in a hectic, hit-or-miss humour, with over use of funny names and one liners. In the end, the pace becomes as tiring for the reader as it must have been for the writer.

William Weaver

Dramatic role for Three Graces

The Ridley proposal for export licences has muddied the waters says Antony Thorncroft

THE THREE Graces, Canova's statue of classical figures locked in a sedate dance, looks like playing a dramatic role in the heritage history of the nation, irrespective of its fate.

The Victoria & Albert Museum is spearheading an appeal for the £7.6m needed to stop the sale of the Three Graces to the Getty Museum in Malibu, California. It has until April 4 to raise the cash and, judging by the intense behind the scenes activity, the omens are hopeful even though there is currently less than £330,000 in the collecting box.

But the Three Graces is almost irrelevant compared with the changes that its proposed export have provoked in the way the nation safeguards its heritage. Once again the perverse figure of Mr Nicholas Ridley, Secretary of Trade and Industry, whose powers cover the export of works of art, has completely re-written the established rules of the game, causing confusion, fear and hostility, not least from the Minister for the Arts, Mr Richard Luce, who has traditionally held sway in matters artistic.

The Department of Trade and Industry invariably took the advice of the Arts Minister when it came to the granting of export licences on works of art, and on the period of delay imposed to allow a British museum or gallery to raise a matching sum and thus keep the treasure in the UK.

Nicholas Ridley, who despite his aristocratic background has always shown himself indifferent to the problems faced by the inheritors of stately mansions and important works of art, has suddenly imposed his will on art exports. He has agreed to a minimum extention of the export stop on the Three Graces – until April 4 – but, more worryingly, he has changed the rules so that now an individual can make a matching offer for an object and save it for the nation.

At first glance this is marvellous news, opening up the possibility of retaining more threatened treasures. But in practice it is a minefield which could quickly lead to abuse. There would be nothing to prevent the new owner immediately selling the work of art for a higher price, or hiding it away in the garden shed, or applying for an export licence in his own right in the future. At the moment every important work of art saved from export goes on public view in a British art gallery or museum.

The deliberations of the great and the good on the Reviewing Committee on the Export of Works of Art, who recommend what should be allowed to leave the country and what should be fought for, become a nonsense if a major painting, or item of furniture, or literary archive, is blocked, only to disappear into a rich man's bank vault. No wonder the chairman of the Committee, Mr Jonathan Scott, is appalled at the change.

In addition, there is no legal requirement on the owner of the work of art to hand it over. He can just decide to keep it in the UK. The mysterious Cayman Island investment trust which owns the Canova has agreed to play the game and sell it back if the Three Graces ends up in a public institution. It is hardly likely to pass it on to the Fayeds, the owners of Harrods who have shown a brazen interest in buying the statue, which is generally agreed to be under-priced.

The Ridley proposal has muddied the waters. Richard Luce wants to keep the Three Graces in the UK and believes that the best way of doing so is by persuading a rich individual to put up the cash with the understanding that it goes to the V & A, or to Woburn Abbey, where it was installed in 1819, in the sculpture court of the Duke of Bedford who commissioned it from Canova.

Already Mr Jacob Rothschild has come up with the ingenious proposal that he will buy the work if the price can be lopped off the tax he owes the Treasury on the estate of his aunt, who died in 1988 leaving over £90m. This has set everyone in a tizzy. The Treasury hates the idea of sacrificing hard cash. There is the Acceptance in Lieu procedure, under which the Treasury puts aside around £10m a year to cover works of art given to the nation by heirs as an alternative to paying capital taxes, but the Treasury tries to keep the provision fairly secret. But it has not been fully taken up in 1989-90, (it seldom is) and some of the cost of the Three Graces could be set against tax.

However there are legal snags in Mr Rothschild's idea – the concept of buying an object off a third party to pay your tax debts requires a leap of the imagination by the Government – and although it is still in play it is not the likeliest option. But here again the Three Graces have had a significant role in publicising the AIL proposals and in encouraging fresh ideas on retaining the heritage.

Another card in this increasingly complex game is that there is a judicial enquiry as to whether the Marquess of Tavistock was legally entitled to remove the Three Graces from its plinth at Woburn. How Mr Ridley can give an export licence when the statue is still passing through the courts is not at all clear.

The politics, inter-departmental rivalry, and now these fresh hares, are distracting attention from the Three Graces. In his day Canova was rated the equal of Michelangelo and Giambologna. Of the two versions of the statue that he carved the Woburn is reckoned to be superior to that in Leningrad. Neo-classical sculpture has long been out of fashion in the UK but there is now a revival of interest. If it goes it would be by far the most important work of art lost abroad in the past decade. Its retention would signal, in the run up to 1992 and the search for a common EC policy on the movement of art, that the UK's flexible controls on its heritage work better than the rigid regulations of France and Italy or the open door of Belgium and Ireland.

Of course if the Government had increased the purchasing grants of museums and galleries, currently just over £13m a year for all the major institutions, these crises would not arise. The Three Graces had been offered to the V & A in the early 1980s for £1m, which was even then beyond its resources. The rapid escalation in the price of art at auction means that, with inadequate purchasing grants, a makeshift, backs against the wall, arm twisting campaign has to be launched every time the Three Graces or comparable masterpiece threatens to slip loose. This time a rich benefactor may emerge, but it is hardly an alternative to a coherent policy.

The Three Graces: its proposed export has led to the established rules of the game to be rewritten, causing confusion, fear and hostility

Theological Semtex

At the National Portrait Gallery, Anthony Curtis contemplates the life of Cardinal Newman

THE KINDLY light shining down from the ceiling of the National Portrait Gallery leads us, amidst encircling portraits, documents, photographs and manuscripts, to contemplate the entire career of Cardinal Newman, 1801- 90. The Gallery has done him proud in marking the centenary of his death, with a variety of works drawn largely from its own resources, but also through judicious borrowing from the British Library, the Bodleian, Christ Church, Keble, the Birmingham Oratory, and among other sources a collection of material in private hands pertaining to the Gothic Revival.

The exhibition organiser, Susan Foister who also compiled the catalogue (costing a stiff £9.95 but worth it) is to be congratulated on the width of her interpretation of the subject as much as on the variety of the exhibits.

All that is lacking is any sense of the turmoil, the acrimonious agony of disputation, that preceded this most famous of all conversions, but that was perhaps inevitable in gallery conditions. It is hard for us, staring through the glass at a rather grubby looking unbound pamphlet of around 80 pages, headed "Remarks on Certain Passages in the Thirty-Nine Articles," to realise that this now innocuous document was the notorious *Tract 90* which when it appeared in 1841, contained sufficient theological Semtex to blast the Establishment in half.

Nor, does the outward appearance of the first edition of *Apologia Pro Vita Sua*, in 1864 in separate parts, give any hint of the ferocity within. It had no blurb, no jacket, no hardcover, nothing apart from the ironic chapter heading, "Mr Kingsley's Method of Disputation," to indicate that as well as being an account of a change of spiritual allegiance,this was one of the great hatchet jobs of all time. Leavis on Snow was a game of croquet by comparison.

But we do not see here Kingsley's words, questioning Newman's truthfulness. They were in a review of J.A. Froude's *History of England*; nor do we see Kingsley's subsequent pamphlet *What, then, does Dr Newman mean?* which triggered the *coup de grâce*. We do, though, have a portrait of Kingsley himself, almost a caricature, by Cecioni. He looks at us over his shoulder, sideburns and whiskers stiff with fury, his scowl sending a shudder down the viewer's spine. There is a portrait of Froude by Reid and the edition of the literary remains of his older brother Hurell, edited by Newman after Froude's early death in 1836.

Indeed, most of that remarkable Oriel Senior Common Room of the 1820s are here: Edward Coplestone, the Provost, and the formidable Richard Whatley, later Archbishop of Dublin, who took Newman, when he was a newly appointed fellow, in hand. The college had the enlightened policy of not requiring the men they elected to fellowships to have been awarded firsts in the schools. That enabled them to elect Newman.

Another Oriel don, Thomas Arnold who loathed the Oxford Movement is here before he went to Rugby, and as an honorary fellow, that curious oddball Joseph Blanco White. There are several portraits of Pusey, who left Oriel to become Regius Professor of Hebrew aged 28, and last but not least of Keble. The walls almost groan in supporting such a collection of heavyweights.

When the furore over *Tract 90* was at its height Newman retired from Oxford to his country retreat at Littlemore. We see the cottages and the simple gothic-style church. "With his retirement to Littlemore," wrote Lytton Strachey, "Newman had entered upon the final period of his Anglican career. Even he could no longer help perceiving that the end was only a matter of time."

The last two sections of the exhibition are headed "Newman and Rome 1845-79," and "Cardinal Newman 1879-90" and they exploit resourcefully the wealth of iconography; everyone wished to sketch a Newman now famous well beyond the confines of Oxford. We see him in intimate portraits like those of Maria Giberne, one of his disciples, and as cardinal in the formal Millais canvas of 1881.

We also observe the ephemera – newspaper sketches, and a series of revealing sepia snapshots for his *cartes de visite*. But this is not to forget that his literary output continued in works like *The Idea of a University* and the poem *The Dream of Gerontius*. We can inspect the programme for the first performance in 1900 conducted by Richter of the oratorio composed by Elgar, and with our mind's ear perhaps listen to its crashing chords as we exit from this fascinating exhibition.

Cardinal Newman: most famous of all conversions

Arts Council airs its collection

WITH THE cancellation of a show of British art of the First World War, the Arts Council has fallen back on its own resources to fill the Hayward for the spring. It is an ill wind, and while *Now for the Future* (until May 6), its selection of current British art acquired since 1984, may offer us rather short commons so far as pure pleasure is concerned, it gives us at least some food for thought.

The Arts Council has always bought contemporary British art, but rather more to service its own exhibitions than to make any definitive statement. With no facility for its permanent display, the collection has remained entirely the creature of its catalogue, save for such occasional celebrations as this. Purchases are made regularly by officers of the council, and some outsiders too are invited to purchase – usually in the course of putting particular exhibitions together. What have they been up to this time?

As with all such miscellanies, there are things good, bad, obvious and unexpected, with more than enough at once to please and infuriate any visitor. The large Paula Rego is both good and predictable, the even larger Steven Campbell no less predictable and quite execrable.

Along with the regulation Long and Deacon, Wisniewski and Opie, Oulton and Cragg, how refreshing it is to find young Tim Lewis with his wobbling pyramids and older artists – no longer flavour of the month exactly – yet not forgotten; Bridget Riley, Prunella Clough, Ken Kiff, Dennis Creffield.

But that is the rub. Here are young artists represented and now validated by official purchase, for whose merit there is nothing to say, for there is none. Keith Piper, with his crude polemic, "You are now entering Mau Mau Country," and Tony Phillips with his trite and tedious etchings on the supposed history of the Benin Bronzes, can owe their distinction only to special interest and special pleading, for their work is as manifestly inept in conception as it is in execution. Why should it be there, when so much else of real worth passes unacknowledged?

Listing who is in and who is out is an invidious business. Yet it is the presence of such as Piper, Phillips, Lewis – and indeed of so many younger artists such as MacFadyen, Opie, Wallinger, Coe, Allington and Oulton – that makes it tempting. Where in this latest catalogue, for example, are the names of Gus Cummins, Peter Coker, John Carter, Richard Lee, Roger de Grey, William Pye, Nigel Hall, Paul Hempton, John Loker, Basil Beattie, Lawrence Preece?

None of them has stopped working these past six years; indeed all are working better than ever. The absence can be no judgement on their virtues, but only on official negligence or taste.

Simple arbitrariness would not be so bad, for properly sustained it brings a kind of fairness of its own. But what seems to happen is that once singled out, an artist's reputation is so critically reinforced as to be self-sustaining. Good painting, good sculpture, of which there is a great deal, that argues its case only in its own visual and plastic terms, presents the difficulty. How much simpler it is to have the polemics and politics of young Piper, or the conceptual readings of Long, to make that case. Leave the art out of it.

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Concurrent in the Hayward's lower galleries is *In Our Time*, the only British showing of the work of the Magnum Photographers now on a worldwide tour. Magnum is a professional co-operative founded in 1947 by Robert Capa, Henri Cartier-Bresson, George Rodger and David Seymour. It has since engaged among many others such luminaries as Elliot Erwitt, Eve Arnold, Josef Koudelka, W. Eugene Smith, Ian Berry and Marc Riboud.

The work of Magnum is photography as reportage, and yet of so high an order that often it would seem to aspire to the category of art. The stance is matter-of-fact, but aloof, ironical, humane in its sympathies but always somewhat detached. The wit is there to engage the viewer who has the wit to take it, rather than to parade and impose itself. The scope is world-wide, multi-cultural, celebrating in essence a common humanity.

There is always much more of sensibility and intuition that joins the Magnum photographers than ever separates them. This is a powerful show, despite some mildly irritating captions: I thought the Allies were responsible for the bombing of Monte Cassino. But do not be put off.

William Packer

The Magnum Photographers, concurrent at the Hayward: "Promenade at Tenby, Wales, 1974" by David Hurn

Gamut of deception

Susan Moore visits the Fake exhibition at the British Museum

AT THE foot of the great staircase in the entrance hall of the British Museum towers the re-erected Piranesi Vase. Resting on a massive base, supported on the backs of Sileni emerging out of giant paws, and carved with a frieze of vintaging satyrs, it rises almost 3m in height. Since the 1930s this extraordinary "Antique" has languished in pieces in the museum basement. Dusted down and re-assembled, it serves as an introduction to the BM's exhibition *Fake? The Art of Deception*, and as its *raison d'être*.

The monumental Carrara marble is itself a reconstruction, confected out of possibly various fragments found at Hadrian's Villa near Tivoli in 1769 by the engraver turned art dealer and restorer of antiquities, Piranesi. The problem with the piece is that some 70 per cent is Piranesi's infill, and that the base, the support and the vase may never have had any relationship in antiquity.

Does that make it a forgery, or at least a deception? If so, has it any value? The simple answer to both is yes. As a piece of Classical antiquity it is of little interest, as an example of 18th century neo-Classicism, it is perhaps second to none. And, at last, we have the opportunity to see it.

Fakes are the most underrated historical documents. We tend to think of them in terms of jokey spoofs or as scandals which cock a snook at the so-called experts. But they tell us far more about an age than any "authentic" work of art; what it chose to admire in a bygone culture, and what its own most prized.

Kenneth Clark described how an entire generation's view of the Renaissance was framed by the sweet-faced Virgins in the V&A sculpted by Bastianini and his compatriots in the 19th century. Fakes and forgeries have always promptly reflected the rise of any new collectors market.

Mark Jones's exhibition is all-embracing. It draws in a gamut of deception, from political propaganda and the re-writing of history to counterfeiting, and scientific and literary frauds. Some were perpetrated for the best possible reasons, and others simply for personal gain.

Deceptive imitations of fine and decorative art are rarely what they seem. From the early Renaissance, for example, it was standard workshop practice for a young painter to copy the work of the great masters in order to learn. Such copies were not meant to deceive. They are also not necessarily inferior to the original. Take Guilio Romano's sketchy pen and ink drawing on show of "Perseus disarming, and the Origin of Coral," and the copy reworked and fleshed out in coloured washes by Rubens a century later.

On show is a flowerpiece by Monnoyer. Every single flower is painted by the artist, the signature is right, and yet it is is a fake – a pastiche made up of 17 different pieces of canvas. An even more complex fraud is the original television apparatus which Baird gave to the Science Museum in 1926. Recent examination has revealed that it could never have worked; the contraption a hasty re-assemblage of the original parts conceived as a publicity stunt by the failing Baird Company.

There is much to question modern perceptions of authenticity. Why, for instance, should an 18th century restoration of a Roman marble by, say, Cavaceppi, which added a nose and an arm, be considered a lie because it restored the statue to its original appearance, when a 19th century paring down to the original Antique offers an equally distorted image?

Faking is about human frailty, on the part of the forger and the duped. What this show demonstrates is man's capacity to see only what he wants. For what other reason could such a distinguished scholar as Abraham Bredius have believed in the gruesome Van Meegern Vermeers he discovered? Or the group of international scientists be fooled by Piltdown Man?

It comes as no surprise that no sponsor could be found for the exhibition. It is a sorry fact that this is probably the last time that the BM will be able to mount a major exhibition without commercial sponsorship, and therefore the last time it can focus on any such "unattractive" subject.

Record for Spencer

CHRISTIE'S achieved a record price for a Stanley Spencer yesterday when his triptych "The Resurrection: Waking Up" was bought by the London dealer Bernard Jacobson for £707,000. The previous record for a Spencer oil was £429,000, also sold by Christie's, in 1987.

Another record price in its sale of British and Irish Modernist and Contemporary paintings was paid for Gwen John's "The Seated Woman," bought anonymously for £181,500. Her previous best price was £176,000 in 1986.

The morning session totalled a record £2,673,220 for modern British art.

Caroline Cross

ARTS

Barnstormer in the north

***Claire Armitstead** at the opening of the West Yorkshire Playhouse*

THE EXCITEMENT generated by what is probably the last new British playhouse to open this century could be measured by yardage of television aerial. There were walkie-talkies, there were fireworks and there was Diana Rigg, returning to her native land to cut a ribbon of episcopal purple. And in the midst of the hubbub a plaintive reminder that the project is still £350,000 short of the £13.5m it has taken to raise this new West Yorkshire asset from the site of an old Leeds quarry.

The building itself is imposingly designed to accommodate two generous theatres, equal in status though not in size. The larger of the two, the Quarry, seats 750 around an open thrust stage, while the Courtyard, still submerged in builders' rubble, has flexible seating for 350, rising to 500 for promenade productions.

The implications, in terms of the Playhouse's aims to become a home for new writing and for youth theatre, are considerable, bravely reversing the current exigency of consigning the new, worthy or difficult to studio spaces which are as likely to dwarf the imagination as the budget.

How it works in practice will only emerge as artistic director Jude Kelly and executive director William Weston come to terms with the business of reconciling their artistic ambitions with the economic demands of generating 60 per cent of their annual finance.

But their first season is a promising mix of the tried and untested: Rodgers' and Hammerstein's *Carousel* sits beside a world première from Andy de la Tour and a British première from the Czech dissident Pavel Kohout, with visits from the Actors Touring Company and the black touring company, Temba.

As a curtain-raiser they have opted for a minor classic, John O'Keeffe's late 18th century barnstormer *Wild Oats*, rediscovered in the 1970s by the RSC and revived by Jude Kelly with a rollicking good nature that accommodates every technical trick in the Quarry's book, from trap doors which disgorge actors in rocking chairs, to pillasters which swoop down from the much-treasured fly towers to transform bucolic landscapes into Palladian halls.

Robert Jones' design of whimsicality bordering on kitsch embraces the style of a show led with a flourish by Reece Dinsdale as Rover, the travelling player who strolls into trouble, love and an inheritance from the intemperate old sea dog who abandoned him in his infancy.

Robert Austin makes a heartily entertaining Sir George Thunder, erupting into little jigs of rage at moments of extreme vexation, while Murray Melvin's whey-faced Quaker hypocrite, Helen Schlesinger's blowzy country lass and Geraldine Fitzgerald's gracious, well-spoken heiress – whose responsibility it is to act as foil to the shenanigans – remind one how right O'Keeffe's Rover is to to allow provincial pleasures to deflect his attentions from the playhouse of London.


Alastair Muir

'Wild Oats' raises the curtain: Reece Dinsdale as Rover

Love at a Loss in Liverpool

AS A companion piece to its successful revival of John Ford's *'Tis Pity She's a Whore*, the Everyman has rooted out a gem more remarkable for its rarity than for any intrinsic value. *Love at a Loss* has not, to anyone's knowledge, been professionally performed since it was closed by public indignation after just three performances at Drury Lane in 1700. It owes its survival to the tenacity of its authoress, Catharine Trotter, a dramatist and philosopher who ducked in and out of Catholicism, wrote in defence of Locke, but about whom little else is known.

Her only comedy is a five-hour amorous dalliance which has been pruned to a judicious 90 minutes by director John Doyle, keeping its five-act structure intact. Its notoriety is based on a contempt for conventional sexual etiquette: its love games are led by women, with a flagrant disregard for morality culminating in a straw poll by which it is cynically decided which of Lesbia's two beaus will have her hand in marriage. Her confidante, Lucilia, is only extricated from a duplicitous liaison by the lies of her governess, while their rival, Miranda, reconciles herself *faute de mieux* to life with a choleric pipsqueak of a suitor. The subtext is that marriage matters not a jot anyway. The love games will resume immediately.

Whether as a result of the cutting or – as I suspect – because it is in the original play, the plotting is fairly baffling, leaving a deal of confusion as to which lover is which and – more to the point – which is whose. Doyle capitalises on this by dressing his characters identically in gold and white, with towering cotton wool wigs and love heart patches as they desport themselves on and around a small raked platform which is shared with *'Tis Pity She's a Whore*. Elizabeth Ascroft's archly stylised design is mirrored in the mannered playing style of a strongly musical cast whose asides are more often than not delivered in song. Whether in the picturesque posturing of Melanie Sylvester and Karen Mann, the foxy manoeuvring of Stephen Earle or the buzzings of Linda Dobell, a bleached bumble-bee of meddling manhood, the production outshines the play.

C.A.

Syracuse surfaces in Sheffield

I HAVE been telling myself since 1963 that the reason *The Boys from Syracuse* flopped so badly at Drury Lane was wrong casting and inadequate direction. The film, with Allan Jones ad Martha Raye, was a heap of fun. With a score from Richard Rodgers and Lawrence Hart, and a book by George Abbott containing a lot of the good jokes from *The Comedy of Errors*, there must have been gold somewhere in the ore.

There was, at the Crucible, Sheffield, but not much. Two of the songs have lasted well enough, "Falling in love with love" and "This can't be love," and "Sing for your supper" will still do, though Hart ran out of jokes in four bars. As for the Shakespearian jokes, director Clare Venables has evidently decided that they have little place in a musical farce and has replaced most of them with jokes of her own.

To begin with, Antipholus of Ephesus (Howard Anthony) is black and his twin (Paul Hilyer) is white. The geographical reverse happens with the Dromios (Martyn Ellis and Clive Rowe). So the business of mistaking one for the other is purely a matter of dramatic artifice. Almost all the Shakespearean jokes are kept until after the interval; the first half is more concerned with introducing the characters.

The splendid opening, where Aegean (Andre Vincent) is condemned to death by the Duke, to the delight of the Ephesian plebs, almost suggests light opera, but thereafter, the accent is divided between knockabout and ballet. I have never seen so many people fall over in a single evening. There is a running gag that whenever a purse of gold is handed over, the recipient drops it, until the final payment to the Duke (Andrew Dennis), who catches it to the cheers of the entire company.

The dancing, choreographed by Carole Todd, is elegant and beautifully done. Shelaagh Ferrell's Luciana, Cristina Avery's Courtesan, Karen Clegg's unEphesian Galatea were enchanting, and so was Myles Freeman's Angelo, particularly in character as Pygmalion. Liz Izen's Adriana sings beautifully, sitting with her household Luciana, Luce (Sue Holland) and the staff, knitting useless garments, gave us an idea why Antipholus should sometimes prefer to pass his time with a courtesan. Their home, designed by Simon Higlett, looked cosier inside than out.

My impression was that Ms Venables (whose last production here this is) had decided to use as much low comedy as she could get in to make up for the deficiencies of the songs and the script. Myself, I enjoyed the singing and the dance, but found most of the knockabout boring.

B.A. Young

Radio

Rehabilitation problems

THE LAST of Radio 4's *Sunday debates* was to me the most interesting of the four, for it quit the political in favour of the social. Held in Leyhill Open Prison, with the members of the prison's Debating Society present, the motion was that "Our present prison system cannot rehabilitate offenders." Leyhill is an admirable place ("this is the finest prison I've been in," one speaker said), and this is why the motion was lost, by 101 to 23.

Speakers against the motion could not resist comparing Leyhill with other, older prisons. But half our prisoners never get out of an ordinary local prison, where there is no debating society, but there still is slopping-out, three to a cell. If all prisons were Leyhill, there would be more chance of rehabilitation; but they're not. I confess I was surprised that it was taken as a legitimate cause for complaint that at the Youth Detention place at Pucklechurch, inmates were only given clean pants and socks once a week. All the same, I would have been one of the 101.

We have *Europhile* back on Radio 4 on Sundays, much improved since its last run. Europe has become a more interesting place, to begin with; and instead of gossipy bits, we were into the new politics – a Citizens' Congress in Tallin, Estonia (where a year's work brings in about as much as a week's work across the water in Finland); a glance at the Italian Communist party; strange revelations about secret police files in Switzerland; a visit to the Hotel des Philosophes in Amsterdam, where one may relax with professional philosophers. The extracts are shorter than one would like, but I thought this lot worth airing. We concluded with a quotation from Yevtushenko, "Glasnost is half freedom, but it is still slavery."

Grieg, Sibelius, Nielsen, they all adorn Radio 3's Scandinavian season; but the drama seems to work to other rules. No Ibsen or Strindberg in the first few weeks; and some of the plays adapted from novels. Where are *The Vikings*, *The Ghost Sonata*? I enjoyed Erland Josephson's *One Summer Night in Sweden* (except that it isn't *Smiles on a Summer Night*), but I saw nothing specifically Scandinavian in a documentary play about film-actors being directed by Andrei Tarkovsky.

Well, it was a delightful play, a telling picture of Tarkovsky (Jeffrey Wickham), always keeping his players waiting until nature provided the right background. Ian Hogg played the author, who wrote the piece from experience – a series of conversations filling in the endless waits between the shots. The translation was by Robin Fulton, who left a bit of Russian for Tarkovsky and Anna Mazzotti as the interpreter.

Cockroach, a children's play by Harri Hutamäki, with pleasant quasi-jazz music by Seppo ("Baron") Paakkunainen, was very Scandinavian indeed. It was played in Finnish (with occasional passages in English, such as that well-known speech, "I have a dream") and told of the animals' struggle against the evil cockroach. I understood nothing, but enjoyed the sound of it all.

The Monday Play on Radio 4, *Poor Things* by Jane Coles, was deeply dispiriting. Cathie (Sue Broomfield) is a vegetarian with a Pakistani boyfriend, Hashim. Moira, her mother, delivers meals on wheels but also takes part in activities against cruelty to animals. Hashim makes some tapes of one of these, and when some local boys attack his mother in an imitation of Moslem ritual slaughter, he takes his tapes to the police, who, naturally in this play, don't care much for Pakistanis. Moira is sent to gaol, and Hashim's mother won't see Cathie any more. Cathie (now a Moslem) is so upset by the extremes to which her original feeling for the "poor things" has led that she puts a bomb under the car of a scientist who has been working on animals.

There are lots of apparent inside touches of how such people live and feel, but I think we had too much of a bad thing. Cathie's bomb was too nearly farcical.

B.A. Young

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Records

Gardiner shows his paces

THREE RECENT recordings confirm qualities of John Eliot Gardiner as opera conductor, and demonstrate the level of excellence to which he brought the Lyon Opéra during his time there. The house orchestra plays equally well in the widely different styles involved. For Gluck's *Orphée et Eurydice* Gardiner brought over the Monteverdi chorus from London. For *La Damnation de Faust* of Berlioz he had the Edinburgh Festival Chorus, taking part in the 1988 Berlioz Festival when the recording was made.

Orphée (EMI CDS 749834 2) is given in the version Berlioz made for the contralto Pauline Viardot at the Théâtre Lyrique in Paris in 1859. He worked from Gluck's Paris revision of the opera, making various adjustments and restoring the role of Orpheus to the pitch used by the castrato Guadani in the Vienna original. Max Loppert's note in the booklet summarises the process. Further details may be found in his longer essay in Vol. I of *Opera on Record*. Between them Berlioz and Viardot probably did more than anyone to assure the settled popularity of *Orphée*. Apart from the omission of the final ballet sequence few listeners will find the general outlines unfamiliar. Berlioz thoroughly knew, understood and fought for his adored Gluck.

To *Orphée* Gardiner brings the gracefully-turned articulation, the rhythmic whippiness of his baroque performances - notably his outstanding Rameau revivals. Some of his tempos in the Elysian Fields scene may at first feel fast, too sharply focussed - some conductors at this point are tempted at this point to linger dreamily. Gardiner remembers that Orpheus, however enchanted he may be with his celestial surroundings, is in a hurry to lead Eurydice back to earth. And since Eurydice, a character often palely portrayed, is ravishingly sung by Barbara Hendricks, one cannot blame him.

The Orpheus of Anne-Sofie von Otter is so accomplished, so polished, so intelligent, so brilliant in the bravura aria of resolution (given with Viardot's decorations), that one feels embarrassed at not being quite bowled over. Van Otter suggests gleaming modernity, less inspired poet-singer than super-efficient executive triumphing, though only just, over formidable odds. So she falls somewhere between Alice Raveau in the famous recorded excerpts of 1936 – a voice that might have been handed down from remote antiquity, losing nothing in the process – and, in more recent times the strongly and individually personal Kathleen Ferrier and Janet Baker. Baker does indeed suggest a poet and one capable of reaching multitudes. She has something the Swedish mezzo lacks, a touch of the "voix rebelle" attributed to Viardot and curiously moving in this role.

The Damnation of Faust (CD 426199-2, cassette 426199-4) was performed and recorded in a big modern concert hall at Lyon, the Auditorium Maurice Ravel. The acoustic is resonant but the vitality of the performance soon conquers that. Good orchestras are often fired by the exceptional opportunities of this score but one doesn't often hear the marvels and mirages so enthrallingly realised. With unfailing sensitivity Gardiner handles the magical orchestral transitions and the military echoes that wash over the pages, evoking a Europe haunted by memories of great campaigns. The stinging attack and sharp-pointed diction of the Edinburgh chorus make the blood race.

In the Faust of Michael Myers the poetry and sense of high ideals betrayed by human vulnerability make up for the missing last ounce of strength at the climaxes. Similarly the style and character of Jean-Philippe Lafont's Mephistophélès atone for the lack of real legato in "Voici des roses." Anne-Sofie von Otter's Marguerite is absorbing, wholly convincing in a way her Orpheus just fails to be. One returns to the orchestral music, to the filmy mysteriousness of the waltzing sylphs, the earthiness of the minuetting goblins, to the hurtling windswept ride to the abyss.

The third set, Offenbach's *Les Brigands* (EMI CDS 749830 2) is no less remarkable. This time Gardiner conducts the Lyon Opéra's own chorus as well as the orchestra, with a strong team of French-speaking soloists equally adept at the quickfire spoken dialogue and the by no means foolproof vocal lines. If anyone imagines that Offenbach is easy to do as well as this, let them think again, and let English performers tempted to paddle in the treacherous waters of French operetta listen to and learn from the speed, lightness and thrust of these artists.

From the first bars of the overture the sound of the band, small but expertly and alertly directed, is exactly right for this music. No slackness, not a drop of sweetening schmaltz - the perfect antidote against musical-comedy slush. As in *La Vie parisienne* the score skims along without seeming to touch the ground. Meilhac and Halévy's book is concerned with the worlds of robbery, finance and incompetent police – targets that are no less topical today. The satire loses none of its bite through being set in a fantasy land where Granada abuts Mantua.

At an inn on the border brigands intercept the Princess of Granada and her suite: she is coming to marry the Prince of Mantua and to reclaim a public debt of three million. The brigands lock up the Spaniards and advance on the city in disguise. Rebuking a bandit clothed as a courtier for picking pockets, his chief Falsacappa observes that a man must steal according to his position (real or assumed) in society. A disillusioned comrade reveals that he is a former banker who changed jobs in the mistaken belief that banditry meant less work and more fun. Nobody knows that the Mantuan treasurer has blown the public debt on women. When the real envoys belatedly arrive and the truth comes out the treasurer tries, with the single remaining banknote, to bribe Falsacappa. The brigand pretends to be deeply shocked. The Granadan envoy Gloria Cassis however pockets the money without turning a hair.

Only a few names in the large, evenly matched cast can be squeezed in – Tibère Raffalli as Falsacappa, Ghislaine Raphanel as his daughter Fiorella, the delectable Colette Alliot-Lugaz as Fragoletto the young farmer (changed to a 'chocolatier' here - why?) who wins Fiorella's hand. Jean-Luc Viala is Gloria Cassis with a dotty cod-Spanish number presumably directed at the entourage of the Empress Eugénie, Bernard Pisani is the Mantuan treasurer whose couplets "O mes amours, o mes maîtresses" mix dire apprehension with determination to start all over again as soon as possible. Done like this *Les Brigands* offers as enlivening an experience in its zany offbeat way as the Berlioz *Faust*.

Ronald Crichton

SPORT

America's Cup: its good news week

Keith Wheatley on the latest junketings

EXASPERATING OR enriching? Enticing or extravagant? One can tell that the America's Cup is back on its familiar track when one hears that Franco Zeffirelli is to make a short film about the launch of a yacht. Tomorrow Italian industrialist Raul Gardini takes over the heart of Venice for the christening of his new boat, Il Moro di Venezia. As the cameras roll and the nautical scribes float on free champagne, Gardini will suffer some pain – and not just in the wallet.

Even for the boss of Montedison, which he is, Gardini's rush to build the first of the new 75 ft America's Cup class yachts has been notably expensive. Il Moro's boat-builders have been driving 5-series BMWs and drawing blockbuster salaries. If the Cup players know anything, it is how to spend someone else's money.

Yet for all the billions of lire, the Italians were beaten to the punch by the French challenge of Marc Pajot. Last Saturday at Sete, 150 miles west of Marseille, they launched the first example of the boat that will lead sailing's premier trophy into the 21st century.

After a wretched 30 months locked in the US courts, the America's Cup needed some good news. It came at last when F1, the new boat's sail number, made her debut off Sete. Skipper Marc Pajot was thrilled with the initial performance. "It's definitely going to be faster than a maxi, downwind and reaching," said Pajot. "The acceleration is more like a multihull than a normal sloop."

Pajot has the qualifications to make such a comment. Before becoming skipper of French Kiss for the 1987 Cup off Fremantle, Western Australia, he was one of the world's top catamaran and trimaran racers.

Initial reaction from those who observed the first trials was that this is a very stiff, fast boat. Despite a freezing 16 knot northerly breeze, shaping to become a mistral, the yacht scarcely heeled as she shot away across the Baie de Sete. One of the beauties of the new design is that the wide, saucer-shaped hull can easily be re-ballasted with a new keel bulb at the end of the 13 ft fin. "We will definitely be trying different displacements," said designer Philippe Briand.

"At the moment the boat displaces about 21 tons. It is in the middle of the possibilities." Briand explained that this boat is very much a heavily-engineered prototype with considerable scope for optimisation.

He designed French Kiss solely with computers. Although the aerospace company Dassault, one of the group's sponsors, assisted with flow programs on its computers, there was also more conventional testing. "We used a good deal of tank testing with models. It still has something to offer," said Briand, one of a group of 10 top IOR designers who collaborated to create the new class.

Of course, without a venue and a regatta the new class is an irrelevance. Since midsummer 1987 the New Zealanders and Dennis Conner's hometown San Diego Yacht Club have been fighting their way through the US courts. The row was punctuated by the September 1988 race, or farce, between a 110 ft Kiwi sloop and Conner's hi-tech catamaran.

After 30 months of litigation, the armchair yachtsman could be forgiven for assuming that the America's Cup had slunk away and died. However, the courtroom dispute between New Zealand and the US really only concerns the 27th Cup (see previous paragraph for a brief description).

That lawyers' goldmine is probably within three weeks of a conclusion. The New York Court of Appeals, which has the absolute last word on whether Conner was justified in racing a catamaran against a multi-hull, is expected to hand down a decision in a 10-day period beginning March 20.

If, as most observers expect, the verdict confirms Conner as the legitimate holder of the Cup then the next event will begin in January 1990, with the finals in May. Should New Zealand win, then the regatta will be in Auckland and the dates move back six months to the southern summer of 1992-93.

At present there are 13 firm challenges in place – including the Royal Findhorn Yacht Club from Scotland, and a half-dozen potential defenders. The patient is struggling to his feet and the sight of the new boats is sure to speed the cure.

It has to be said, though, that Pajot and his partner, challenge manager Eric Ogden, have taken a considerable gamble in building F1. At present the boat belongs to the banks and they must find a major sponsor quickly. However, in the America's Cup it is almost always better to be short of money than time.

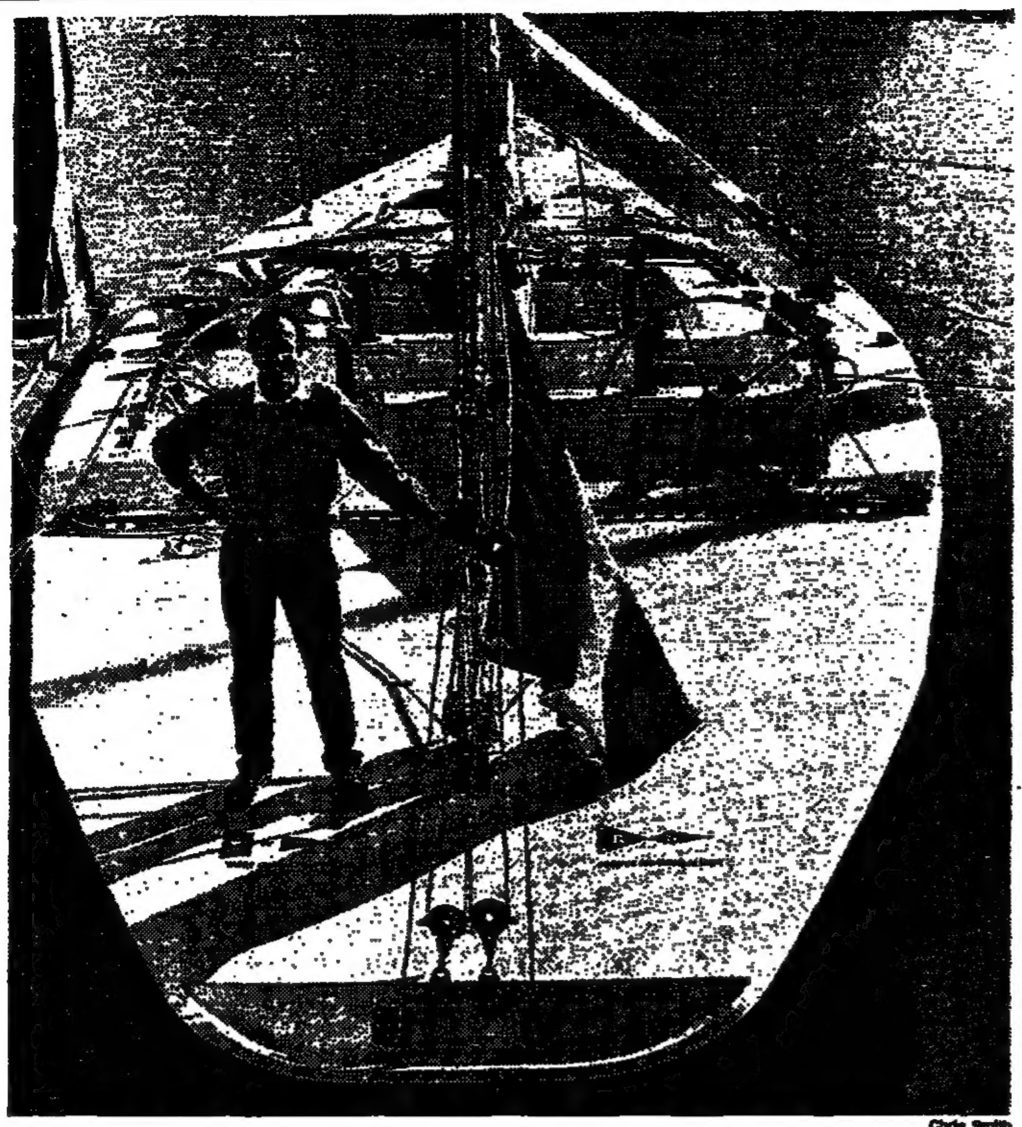
The next stage of F1's development is comprehensive strain-gauge testing and performance measurement. "It is only a starting point. We need to know where we can go from here," said Briand. The AC boat is his largest racing yacht so far in a short but hugely successful IOR career.

"We built this boat just to know how to construct the next one," he said. The French challenge plans to build two more examples of the AC class in a programme aimed at a 1992 Cup challenge in San Diego or Auckland.

The prospect of seeing two such boats race before a proposed autumn regatta in Cannes is remote. Although the Italian group has been given an invitation to informal trials, they appear to be too piqued to accept.

However, Pajot's group has access to the state-of-the-art inshore maxi Emeraude, and plan to work the boats together in early April. The early indications are that Emeraude will be struggling in F1's wake. "It should be a fantastic boat to sail in a race," said Pajot. "With only 16 on board we have half the crew of a maxi and more speed."

Next to him in the boat-hoist hung French Kiss, once the most advanced 12-metre in the world. She looked elegant but sad. America's Cup history has moved on.



Chris Smith

French challenger Marc Pajot with the first version of a boat that will lead the America's Cup into the 21st century

Phoney war of friendlies

Soccer: Philip Evans on the run-up to the World Cup finals

"DEFEATS," explained Carlos Bilardo philosophically, "are an important part of a team's preparation." This apologia was delivered in Los Angeles on January 17 after Argentina had lost 0-2 to Mexico, for whom few victories have ever been more sweet. The holders of soccer's World Cup were without any stars based in Europe, but it had been a defeat made more nerve-wracking by a crowd of 35,000 (mainly Mexican immigrants) who punctuated the match with cries of "Olé," "Olé" – cries so vibrant that they brought to mind a match in central America 20 years earlier which had led to something more dramatic.

In August 1969 El Salvador played their near neighbours and bitter rivals, Honduras and drew 0-0. Trouble had frequently been present in their matches, but this time the rancour between their sets fans inside the stadium was fanned outside by savage rioting. Diplomatic relations were broken off; war soon followed and more than 2,000 lost their lives.

If those events, which succeeded a World Cup qualifying match, have not been repeated, certain friendly games in the past were almost as traumatic, if less blood-stained. In May 1948, for example, Italy (World Cup victors in 1934 and 1938) played England in Turin and lost 0-4, a result which still haunts Italians, many of whom can recite the names of the England forward-line ("Matthews, Mortensen, Lawton, Mannion, Finney") like a litany.

Although Ireland were the first conquerors of England on English soil (2-0, September 1949), worse was to follow in November 1953 when the Hungarians triumphed 6-3 on the hallowed ground of Wembley and made purists realise that the lion of England had much to learn in footballing terms.

The increase in team competitions during the last 30 years has meant that the number of friendlies between countries has fallen away sharply. Friendlies still play a vital part, however, in ensuring that any national football team remains positive and well-drilled. Managers are always eager to arrange them, since their benefits far outweigh the chance of providing the opposition with valuable information.

The five months prior to any World Cup, therefore, is a golden period for a "phoney war" of friendlies in which national sides can perfect their game plans and try to weld together a group of players in the hope that they gain vital collective experience.

Uruguay, Brazil or Argentina, for example, will learn considerably more from breaking down the sophisticated defensive patterns of European teams such as Italy or West Germany than from confronting a South American side of little worth. All managers, however, have to live with the reluctance of clubs to release well-paid stars to play in friendly internationals, in case they suffer serious injuries.

When Brazil visited and defeated Italy 1-0 in Bologna last October, they had to play without several stars who cried off because of "injuries." However, when Brazil played and defeated Holland by the same score in Rotterdam just before Christmas, it was the turn of certain Dutch stars to display lack of interest. It was pointed out that two had only recently returned from Tokyo, where they had helped AC Milan triumph in the Intercontinental Cup against Nacional of Medallin. Only 24 hours later, three players who had made the same trip took part in Italy's scoreless match against Argentina in Cagliari. So it goes.

In the 18 months prior to the start of the World Cup finals in June 1990, Italy, who have not been asked to qualify for the last two editions of the World Cup (in 1986 they were the holders, this year the hosts) will have played against high-ranking opponents that include Holland, Uruguay, Brazil and England. They have cancelled a match with the US (being in the same group for the World Cup), but their only remaining fixture following the dreadful match against Holland on February 21 (spoilt by cynical tackling) will be in Basle on March 31, against Switzerland, their most frequent sparring partner. In their past five matches Italy have scored only from a disputed penalty, so will be praying that their principal striker, Gianluca Vialli, recovers speedily from a broken foot.

Holland will play the Soviet Union in Kiev on March 28 and Romania in Bucharest on April 25, before travelling to Austria on May 14 for final preparations. They play Austria on May 30, and go to Palermo on June 4. Holland will attempt to compensate for the probable loss of the outstanding Ruud Gullit, but will be heartened that Marco van Basten has been in punishing form against the misanthropic Italian defenders.

Having drawn 0-0 in Cairo on February 28, Austria's young team play Spain on March 28, before home meetings against Hungary (April 11) and Argentina (May 3). On February 28 West Germany played France, the team they have beaten at the semi-final stage of the last two World Cups. Although scoring first through the inspiring Andreas Moeller, they lost 1-2 to a youthful French side whose manager, Michel Platini, has already started to plan for the 1992 European championship. On April 25 Germany renew their rivalry with Uruguay before concluding their preparations by playing Czechoslovakia on May 26 and Denmark four days later.

Various tournaments held last month included one in Miami won by Uruguay and one in Los Angeles won by Colombia, who will relish their meeting on June 9 with United Arab Emirates.

Anxious that their first World Cup opponents on June 11 are the debutants from Costa Rica, Scotland confront Egypt on May 16; but before that come matches against the supposedly more difficult Argentina on March 28 – Diego Maradona is eager to play – and East Germany on April 25. Ireland, who were to have met England on March 28, have instead arranged to play Wales that day and the Soviet Union on April 25, but their group-rivals England have a more extensive programme.

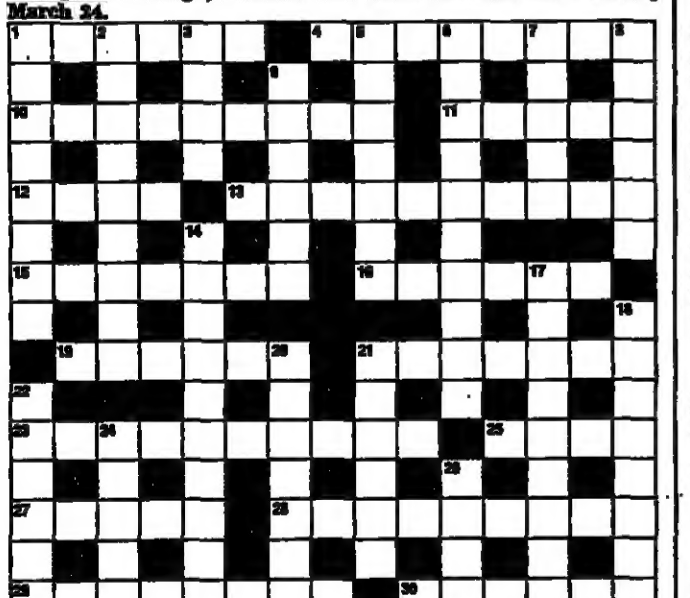
On March England welcome Brazil, on April 25 Czechoslovakia, on May 15 Denmark (their third meeting in three years) and on May 22 Uruguay, whom Scotland refuse to play. Following their acrimonious match in the 1986 World Cup the secretary of Scotland's FA dismissed the Uruguayans as a team of "cheats and cowards," and went on to state that Scotland had no wish to be "associated with the scum of world football."

The business of friendlies can be deadly serious.

CROSSWORD

No. 7,185 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 21, marked Crossword 7,185 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 24.



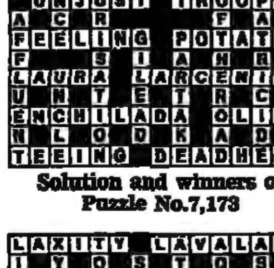
ACROSS

1 Fixer to collapse under weight (6)
4 Cut some meat and hurry (4,4)
10 I am in self-employment, almost conclusive? (9)
11 Italian or French gentleman eaten by horse (5)
12 Fashion that passes a point will decline (4)
13 Bribe used when body's behind racket (10)
15 Turn left, when fixer's about, for small stream (7)
16 New Sarum? In this year, unusual (6)
19 Russian poems, as translated (6)
21 Shy and inclined to blush (a female, in short) (7)
23 Artist has news on remains of endangered habitat (10)
25 Low's cart-horse's turned tail (4)
27 Medium at Monte? (5)
28 Obscure ceremony in which first leaves second (9)
29 Heavy rain does (quiet, just the same!) in grass (4,4)
30 General rule about small name for big gun (6)

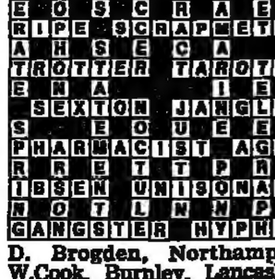
DOWN

1 Presidential enthusiasm from which creatures flee (4,4)
2 Middle Eastern agreement affected French painter (4,5)
3 Help remove transport (4)
5 Legal writings give Henry, a king, a satisfied expression (7)
6 Hair-do's a disappointment - no spring in it? (10)
7 Damp concealed without hesitation (5)
8 Write to most of arbitrating body: it is by no means distinguished (6)
9 Later part of play, really (2,4)
14 Two sorts of light caused by heavy rain (5,5)
17 Meal for arbitrator: notice variety (9)
18 Strip a bird that is slovenly (8)
20 Melody cock uttered got kite going (7)
21 Split in two, dry in part (6)
22 Serious student applied to hard core (6)
24 River makes work without effort (5)
26 South American in Central America (4)

Solution to Puzzle No.7,184



Solution and winners of Puzzle No.7,173



D. Brogden, Northampton; W.Cook, Burnley, Lancashire; A.G.S. McCallum, High Hurstwood, East Sussex; David Norwood, Dilwyn, Hereford; David Stevens, Loughborough, Leicestershire.

TELEVISION & RADIO

SATURDAY

† indicates programme in black and white

BBC1

7:30 am Saturday Starts Here! 7:35 Laurel and Hardy. 8:30 The New Adventures of Mighty Mouse. 8:15 Tales of the Rodent Sherlock Holmes. 8:35 Thundercats. 9:00 Going Live! 12:12 pm Weather.

12:15 Grandstand including 12:20 Football. 12:40 Skating. 1:20 News. 1:25 Golf. 1:30 Racing from Chepstow. 1:40 Golf. 2:00 Racing from Chepstow. 2:10 Golf. 2:30 Racing. 2:40 Golf. 2:55 Rugby League. 3:45 Football latest. 3:50 Rugby League. 4:35 Cricket. 4:40 Final score.

5:05 News. 5:15 Regional news and sport. 5:20 The Flying Doctors. 6:10 Jim'll Fix It. 6:40 Little and Large. 7:20 Film: "Jaws". 9:30 News and Sport. 9:40 Match of the Day. 10:50 Rory Bremner. 11:20 World Figure Skating Championships. 12:00 International Cricket. 12:20 am Film: "Sweet Revenge" (1976) with Stockard Channing and Sam Waterston. 1:55-2:00 Weather.

BBC2

2:45 pm Shrillant. 3:20 Tex Avery Double Bill. 3:35 The Pretty Route to Weston. 4:05 Film: "The Nun's Story" with Audrey Hepburn. 6:30 Rhythms of the World. 7:20 Newsview.

8:05 Missionaries. 8:55 Saturday Night Clive. 9:40 A Pretty British Affair. 10:25 Film: "A Matter of Life and Death" (1946). 11:55-1:40 am Film: "I Know Where I'm Going" (1945).

LONDON

9:25 am Children's ITV. 11:30 The ITV Chart Show. 12:30 pm The Munsters Today. 1:00 ITN News followed by weather. 1:05 LWT News. 1:10 Saint & Greavsie. 1:40 Sportsmasters. 2:10 Coronation Street. 3:00 Ice Skating. 3:25 Athletics. 4:45 Results Service.

5:00 News; weather. 5:05 LWT News. 5:15 Athletics. 5:45 Get Ready for Telethon '90. 6:15 Steel. 6:45 Haggard. 7:15 You Bet 8:15 Murder, She Wrote. 9:15 Yellowthread Street. 10:15 ITN News and sport. 10:30 LWT Weather. 10:35 Aspel & Company. 11:20 Tour of Duty. 12:20 am Saturday Night at the Movies. 12:50 Derrick with Horst Tappert, followed by ITN News headlines. 2:50 American College Football.

CHANNEL 4

7:30 am International Times – World News. 8:00 Transworld Sport. 9:00 Channel 4 Racing: The Morning Line. 9:25 Sing and Swing. 9:30 Same Difference. 10:00 Travelog. 10:30 Film: "The Story of Louis Pasteur" (1936). 12:10 pm Buster Keaton Rides Again. 11:15 Film: "Chance of a Lifetime" (1950). 2:45 Channel 4 Racing. 5:05 Brookside Omnibus.

6:00 Right to Reply. 6:30 Scottish Eye. 7:00 The World This Week. 7:15 Europe Express. 8:00 Adventures: The Journey. 9:00 thirtysomething. 10:00 4 Play International: A Death in the Family. 11:00 The Oprah Winfrey Show. 11:30 Yachting: Round the World Race. 12:35 am Film: "The Black Cat" (1934) with Boris Karloff. 1:50 Film: "The Raven" (1935).

S4C WALES

As Channel 4 except:

10:00 am Walkie Talkie. 10:30 Art of the Western World. 11:00 Growing Places with Penelope Keith. 11:30 Travelog. 12:00 4th Dimension. 12:30 pm Blue Pullman. 12:55 Feature Film: "Kismet" 6:30 The Wonder Years. 7:00 Gophers. 7:30 Newyddion. 7:40 Mindion gan Elgra. 8:20 Y Maes Chwarae. 9:10 Cyfansoddwyr. 10:00 Film: "Sammy and Rosie Get Laid" (1988).

IBA Regions as London except at the following times:

ANGLIA

12:30 pm Huckleberry Finn and His Friends. 1:05 Anglia News. 5:05 Anglia News. 6:45 The Spectacular World of Guinness Records. 11:20 Saturday Night at the Movies. 11:50 Sinatra: Contract on Cherry Street. 2:25 am Indy Cart.

BORDER

12:30 pm Shi Tips. 1:05 Border News. 2:10 The Life and Times of Grizzly Adams. 6:45 Wild Rides. 11:20 Saturday Night at the Movies. 11:50 Star Movie: "The Big Red One" (1942). 2:30am The Hit Man and Her.

CENTRAL

9:25 am Motormouth 2. 12:30 pm The Double Deckers. 12:55 Adventures of Tin Tin. 6:45 Alfred Hitchcock Presents. 11:20 Saturday Night at the Movies. 11:50 Prisoner: Cell Block H. 12:50 am Starring Faye Dunaway. 2:40 America's Top 10.

CHANNEL

9:25 am Motormouth 2. 12:30 pm Ski Tips. 1:00 News, followed by Channel Islands weather. 1:05 Diary Dates. 5:10 Channel News. 6:45 The Spectacular World of Guinness Records. 11:20 Alfred Hitchcock's "Topaz" (1969).

GRAMPIAN

12:30 pm Ski Tips. 1:05 Grampian headlines, followed by area weather. 5:10 Crionagan. 11:20 Saturday Night at the Movies. 11:50 Star Movie. 2:25 am The Hit Man and Her.

GRANADA

12:30 pm Huckleberry Finn and His Friends. 1:05 Granada News. 2:10 The Fall Guy. 11:20 Saturday Night at the Movies. 11:50 Star Movie: "The Big Red One".

HTV

12:30 pm Huckleberry Finn and His Friends. 5:10 HTV News. 6:45 The Munsters Today. 11:20 Saturday Night at the Movies. 11:50 Crime Story. 12:50 am Three's Company.

SCOTTISH

12:30 pm NB. 1:05 Scotland Today. 5:10 Scotland Today. 6:45 The Campbells. 11:20 The Star Movie: "Harper".

TSW

12:30 pm The South West Week. 1:05 TSW News. 1:10 Ski Tips. 5:10 Gus Honeybun's Magic Birthdays. 6:45 The Spectacular World of Guinness Records. 11:20 Saturday Night at the Movies. 11:50 Lee Marvin in "The Big Red One". 2:30 am The Hit Man and Her.

TVS

12:30 pm Ski Tips. 1:05 TVS News and weather. 6:45 The Spectacular World of Guinness Records. 11:20 Hitchcock's "Topaz" (1969).

TYNE TEES

12:30 pm Huckleberry Finn and Friends. 1:05 Regional News. 2:10 The Fall Guy. 5:05 Northern Life Saturday Special. 6:45 The Spectacular World of Guinness Records. 8:15 Magnum. 11:20 Film: "The Big Red One". 2:05 am The Hit Man and Her.

ULSTER

12:30 pm The Irish News Ulster Schools Quiz. 1:00 News, followed by Ulster Newsline. 2:10 The Life and Times of Grizzly Adams. 5:10 Ulster News. 6:45 The Spectacular World of Guinness Records. 10:30 Ulster Newsline. 11:50 Film: "The Big Red One".

YORKSHIRE

12:30 pm Batman. 1:05 Calendar News. 5:05 Calendar News. 6:45 The Spectacular World of Guinness Records. 12:15 am Saturday Night at the Movies. 12:45 News headlines, followed by "Gargoyles" (1972).

RADIO

(S) Stereo on FM

RADIO 2

6:05 am Dennis Cuffley. 8:05 Sounds of the 60s. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 pm Pull the Other One! with David Frost. 2:05 Robin Ray on Record. 3:00 Katie Boyle. 4:00 Ralph McTell. 6:00 Cinema 2 with Charles Nove. 6:30 Myself When Young: Nerys Hughes looks back. 7:00 The ABC Quiz. 7:30 Saturday Night Gala: music by Richard Tauber and the Strauss family. 9:00 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls. 1:00 Charles Nove presents 'Nightride'. 3:00-4:00 A Little Night Music.

Medium Wave as above except:

1:30-6:00 pm. Sport on 2 introduced by John Inverdale, including Football, Rugby, Cricket and Athletics.

RADIO 3

7:00 am Morning Concert. 8:00 News. 8:05 Tchaikovsky and Prokofiev. 9:00 Saturday Review: Mozart's Flute Quartets. Reviews of 20th century releases. Record Release: 10:45 Stravinsky (Pulcinella) 11:20 Weill (Ballad of Sexual Obsession: Ballad of Immoral Earnings) 11:30 Martinu (Violin Concerto No 2) 12:00 Weill (Cantata: The Ballad of Magna Carta) 12:10 pm Debussy (Images). 1:00 pm News. 1:05 Words.

1:10 Early Music Network. 2:00 Matthews and Bennett. Oboe quartets by Colin Matthews and Richard Rodney Bennett. 2:35 From the Proms 1989. Brahms (Symphony No 1) 3:30 Shostakovich (Symphony No 6). 4:15 Poet of the Month. James Fenton. 4:25 Debut: Roy Howat (piano) plays Debussy, Sculthorpe, Wendy Hiscocks and Chabrier.

5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Verdi by Liszt. 7:00 Letter from Glasgow. 7:25 La Forza Del Destino. Verdi's opera in Elijah Moshinsky's new production for Scottish Opera. 11:00 Danish Radio Big Band. Scandinavian session.

Medium Wave as above except:

1:20-6:00 pm Test Match Special. West Indies v England.

RADIO 4

7:00 am Today. 8:00 News. 8:05 Sport on 4. 8:30 Breakaway. 10:00 Loose Ends (s) with Clive Anderson. 11:00 News: The Week in Westminster with Peter Jenkins. 11:30 Europhile: Weekly magazine. 12:00 Money Box. 12:25 pm I'm Sorry I Haven't a Clue (s).

1:00 News. 1:10 Any Questions? 2:00 News: Any Answers? 2:30 Poor Things (s). 4:00 Age to Age with Barry Cunliffe. Lord Briggs on the history of broadcasting. 4:30 Science Now. 5:00 In Exile. Jonathan Steinberg talks to four exiles who have settled in Britain. 5:25 Week Ending.

6:00 News. 6:25 Citizens (s). 7:10 Stop the Week (s). 7:45 Saturday-Night Theatre (s): 'One Corpse Too Many'. Dramatisation of Ellis Peters' mystery. 9:15 Music in Mind (s). 9:50 Ten to Ten (s) led by Canon Geoffrey Brown. 10:00 News. 10:15 Open Mind. John Lloyd challenges three experts. 10:45 Telling Lies. Four programmes about deceit (2). 11:00 Richard Baker Compares Notes with Brian Large and Geoffrey Parker (s). 11:30 Saturday-Night Fry (s). Comedy with Stephen Fry. 12:00-12:30 am News.

FM as Long Wave except:

1:55-2:00 pm Programme News. 4:30-5:00 Options.

SUNDAY

† indicates programme in black and white

BBC1

8:55 am Playdays. 9:15 Morning Worship. 10:00 Bazaar. 10:25 Buongiorno Italia! 10:50 Europeans. 11:20 You in Mind. 11:30 Step Up to Word Power. 11:45 You are What You Eat. 12:05 pm See Hear! 12:30 Country File.

1:00 News; On The Record. 2:00 EastEnders. 3:00 Match of the Day. 5:05 It Doesn't Have to Hurt. 5:10 The Clothes Show. 5:30 Antiques Roadshow. 6:15 Quit and Win. 6:25 News. 6:40 Songs Of Praise. 7:15 Don't Wait Up. 7:45-8:40 Bergerac.

8:40 Mastermind. 9:10 That's Life! Esther Rantzen and the team. 9:55 News. 10:10 Heart of the Matter. Joan Bakewell investigates. 10:45 World Figure Skating Championships. 11:35 Dear John. 11:55 The Sky at Night. 12:15 am International Cricket: West Indies v England.

BBC2

12:00pm Westminster Week. 1:00 Tropical Rainforest. 1:25 Weekend Outlook: previewing Open University programme. 1:30 40 Minutes Green Police. 2:10 Erasure - 'Wild'. 3:10-5:10 The Sundowners with Robert Mitchum and Deborah Kerr.

5:10 Rugby Special. 6:10 It's Garry Shandling. 6:35 The Money Programme. 7:15 Land of the Eagle. 8:05 Airline. 8:55 The British Academy Awards. 9:55-11:10 Film: Circles of Deceit. 11:10 Grand. Prix. 11:45 Rapido. 12:15-12:50 am Snub TV.

LONDON

9:25 Children's ITV: Disney's Family Movie: "Big Red" Part 2 (1961). 10:15 The Campbells. 10:45 Link. 11:00 Morning Worship. 12:00 pm Encounter. 12:30 Get Ready for Telethon 90. 12:40 Police 5. 12:55 LWT news and weather. 1:00 News, followed by weather. 1:10 Eyewitness. 2:00 McCloud. 13:00 Theatre of War: Reach for the Sky (1957). 5:30 Bullseye. 6:00 Rescue. 6:30 ITN News. 6:35 LWT News. 6:40 Highway. 7:15 The Two of Us. 7:45 Inspector Morse: The Ghost in the Machine. 9:50 News. 10:10 One More Audience with Dame Edna. 11:10 The South Bank Show. 12:10 am International Athletics. 12:55 The ITV Chart Show followed by News. 1:55 Pick of the Week followed by News. 2:25 The Black Orchid.

Shabana Azmi appears in Sati C4, 12.20am

CHANNEL 4

6:00 am Hallelujah! 6:30 Country Ways. 7:00 Growing Places with Penelope Keith. 7:30 Box Office Weekly. 8:00 The Stallions. 8:30 Children's Island. 9:00 Dennis. 9:45 Spice. 10:30 A Week in Politics. 11:00 Boost. 11:30 The Henderson Kids. 12:00 The Waltons. 1:00 pm Land of the Giants. 2:00 Ice Skating. 3:00 The Great American Fourth of July...and Other Disasters. 4:00 Les Bicyclettes de Belsize (1968). 4:40 Out of the East: Privatising Poland. 5:25 News Summary. 5:30 Art of the Western World. 6:00 4th Dimension. 6:30 The Wonder Years. 7:00 Fragile Earth: Baikal – Blue Eye of Siberia. 8:00 The Media Show. 9:00 Sinfonietta: An A – Z of Pleasure. 10:00 Over the Edge (1979). 11:00 Women Call the Shots: The Street/Orientation Express. 12:20 am Sati (1989).

S4C WALES

As Channel 4 except:

9:00 am Painted Tales. 9:15 Helo. 1:00 pm Burw Misen. 1:30 Fideo 9. 2:00 The Crystal Maze. 4:00 Feature Film: The Kid Brother (1927). 5:40 Adventures. 6:40 Sea Shifter. 7:00 O Bedwer Ban. 7:15 Y Dyn Papur Newydd. 7:25 Newyddion. 7:30 Hapus Dyrfa. Yr Helfa. 9:00 Hel Straeon. 9:30 Dechrau Canu Dechrau Canmol O Gapel Canaan, Maesteg. 9:00 Mwy Na Phapur Newydd. 9:45 Tyston. 9:25 The Media Show. 10:00 Traffik.

IBA Regions as London except at the following times:

ANGLIA

12:00pm Encounter. 12:30 Farming Diary. 12:55 Anglia News. 2:00 Members Only. 2:30 Hidden Hoard. 6:35 Anglia News. 6:40 Telethon Preview. 12:10 am Prisoner: Cell Block H. 1:05 Athletics.

BORDER

12:30 pm Conference Report '90. 12:55 Border News. 2:00 Coronation Street. 2:55 Rescue. 3:30 Cover Story. 4:30 The Fall Guy. 6:35 Border News. 12:10 am Prisoner: Cell Block H. 1:05 Quiz Night. 1:35 I Spy.

CENTRAL

12:30 pm Here and Now. 2:00 The Forgotten Bomber. 6:35 Central News. 6:45 Telethon Preview. 12:10 am Prisoner: Cell Block H. 1:10 The Continental Movie: Shock (1982).

CHANNEL

12:00 pm Encounter. 12:30 Reflections. 12:55 Les Français Chez-Vous. 2:00 Katie and Dog. 2:30 Bullseye. 3:30 Rescue. 6:00 TVS award winners: The Storyteller. 6:35 Channel News. 10:10 Tales of the Unexpected. 10:40 The South Bank Show. 11:40 The Human Factor.

GRAMPIAN

10:45 am Pick a Number. 11:15 Link. 12:00 pm Encounter. 12:30 pm Labour Party Conference Report. 12:55 Grampian Headlines. 2:00 Picnic at Whitehill. 2:30 "Who's The Boss?". 3:00 The Clark and Wallace International Badminton. 4:00 Just Living. 4:30 Bullseye. 5:00 Scotsport. 12:10 am Prisoner: Cell Block H.

GRANADA

12:30 pm Granada This Week. 2:00 Richmond Hill. 2:30 Bullseye. 3:35 Cartoon Time. 3:45 Sunday Matinee. 5:05 Coronation Street. 6:35 Granada News. 12:10 am Prisoner: Cell Block H.

HTV

12:30 pm West Country Farming. 12:55 HTV News. 2:00 HTV Newsweek. 2:30 Highway to Heaven. 3:25 Esther and the King (1962). 6:35 HTV News. 12:10 Prisoner: Cell Block H. 1:10 Athletics.

SCOTTISH

10:30 am Huckleberry Finn and His Friends. 10:45 Glen Michael's Cartoon Cavalcade. 11:15 Link. 12:30 pm Conference Report 90. 12:55 Scotland Today Headlines. 2:00 Scottish Supplement. 2:30 The Hasty Heart. 4:30 Bullseye. 5:00 Scotsport. 6:35 Scotland Today. 12:10 am Ice Hockey. 1:05 Athletics.

TSW

12:30 pm Farming News. 12:55 TSW News. 2:00 Fisheries News. 2:15 Cartoon Time followed by Gus Honeybun's Magic Birthdays. 2:30 Off the Peg. 6:35 TSW News. 12:10 am In the Heat of the Night.

TVS

12:30 pm TVS News. 12:55 Agenda. 2:00 Katie and Dog. 2:30 Bullseye. 3:30 Rescue. 6:00 The Storyteller. 6:35 TVS News. 12:10 am The Human Factor.

TYNE TEES

12:30 pm The Back Page. 12:55 Regional News. 5:05 Coronation Street. 6:35 Regional News. 12:10 am Inner Space. 12:35 Invitation to Remember. 1:05 News Headlines.

ULSTER

12:30 pm Ski Tips. 12:57 Ulster News and Farming Weather. 2:00 Survival. 2:25 Rescue. 2:55 Bullseye. 3:25 The Assassination Bureau. 5:30 Coronation Street. 6:37 Ulster Newsline. 10:05 Ulster Sports. 12:10 am Prisoner: Cell Block H. 1:05 Quiz Quiz Night.

YORKSHIRE

12:25 pm Goals on Sunday. 12:55 Calendar News. 2:00 Charlie's Angels. 6:35 Calendar News. 12:10 am Scramdown. 1:10 News Headlines followed by The Bill.

RADIO

(S) Stereo on FM

RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies for You with Richard Baker. 11:00 Desmond Carrington with Your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell with 'Sounds Easy'. 4:00 Orchestral Contrasts: 'Sacred and Profane' with Ian Sutherland. 4:30 Sing Something Simple. 5:00 (No FM Service.) 7:00 An Actor's Life for Me: comedy 7:30 Operetta Nights. 8:30 Sunday Half-Hour: Eamonn Holmes introduces the second Lenten programme. 9:00 Your Hundred Best Tunes with Alan Keith. 10:05 Songs from the Shows. 10:45 Michael Round at the piano. 11:00 Sounds of Jazz. 1:00 am Charles Nove presents 'Nightride.' 3:00-4:00 A Little Night Music.

Medium wave as above except:

3:00 pm-8:00 pm FA Cup Special. 5:00-7:00 Charlie Chester.

RADIO 3

7:00 am Handel. 7:30 News. 7:35 Moiseiwitsch: Schumann. 8:30 News. 8:35 Your Concert Choice. Arriaga (Symphony); 9:53 Brahms (Ballades). 9:20 Doppler (Concerto for 2 flutes). 9:47 Rachmaninov. 10:30 Music weekly. 11:15 BBC Scottish Symphony Orchestra: Tippett (Ritual Dances), Britten (Violin Concerto), Brahms (Symphony No 4). 1:00 pm Song of Songs. BBC singers cond by Simon Joly: Palestrina, James Antony Ellis, and Palestrina. 1:30 Violin and Piano. Miriam Fried and Clifford Benson play Mozart, Faure and Smetana. 2:30 Towards Bach. Orchestra of the Age of Enlightenment directed by Sigiswald Kuijken: JS Kusser, J Rosenmuller, Corelli, JCF Fischer. 3:10 Interval Reading. 3:15 Bach (Orchestral Suites). 4:0 Rubinstein plays Chopin. 5:30 BBC Concert Orchestra conducted by Barry Wordsworth: Chabrier, Busser, Debussy orch Busser (Petite suite), Franck. 6:15 Kaija Saariaho talks to Michael Hall. 7:00 pm Erich Leinsdorf and the Chicago Symphony Orchestra. Strauss (Serenade for wind instruments), Brahms (Serenade No 2), Strauss. 8:30 Wolfgang Manz (piano): Beethoven Schumann and Brahms. 9:25-10:05 Music From Finland. 10:05 Third Ear. 10:35 in Manus Tuas, Domine. Meditation on suffering and martyrdom. 11:30 The Secred Mysteries of Heinrich Biber. 12:00-12:05 am News.

Medium wave as FM except:

1:20-6:0 pm Test Match Special: W.Indies v England.

RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:45 Sunday. 8:50 Appeal. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week. 12:15 pm Desert Island Discs (s). 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Classic Serial: 'The Mystery of Edwin Drood (s) by Charles Dickens. 3:30 The Radio Programme (s). 4:00-4:42 Soundtrack: American Vietnam veterans share the horrors of war with Russian soldiers who fought in Afghanistan. 4:42 Profile. 5:00 News; Down Your Way. 5:50 Lines of Communication. 6:00 News. 6:15 Letter From... 6:30 Europhile (s). 7:00 Cat's Whiskers (s). 7:30 Bookshelf with Nigel Forde. 8:00 Punters. 8:40 Reading Aloud. Charles Dickens' 'An Italian Dream' 9:00 News; Enquire Within. 9:15 The Natural History Programme. 10:00 News. 10:15 The Churchill Years (s). 11:00 In Committee. 11:30 Seeds of Faith. 12:00-12:30 am News.